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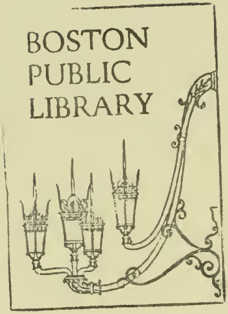

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BOYLSTON BUILDING

Urban Development Action Grant Application

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City of Boston
Kevin H. White, Mayor

April 1981

FINAL DRAFT

BOYLSTON BUILDING

URBAN DEVELOPMENT ACTION GRANT APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBMITTED BY
CITY OF BOSTON
KEVIN H. WHITE, MAYOR

BOSTON REDEVELOPMENT AUTHORITY
ROBERT J. RYAN, DIRECTOR

Robert L. Farrell, Chairman
Joseph J. Walsh, Vice Chairman
James K. Flaherty, Treasurer
William A. McDermott, Member
Clarence J. Jones, Member
Kane Simonian, Secretary

ECONOMIC DEVELOPMENT & INDUSTRIAL CORP.
BRIAN F. DACEY, ACTING DIRECTOR

IN COOPERATION WITH

CHINESE ECONOMIC DEVELOPMENT COUNCIL
GEORGE PAN, CHAIRMAN
WILLIAM LEONG, EXECUTIVE DIRECTOR

WANG LABORATORIES, INC.
DR. AN WANG, CHAIRMAN

APRIL 30, 1981

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PART I

Application for Federal Assistance

PART I

STANDARD FORM 424

OMB Approval No. 29–R0218

FEDERAL ASSISTANCE

1. TYPE OF ACTION (Mark appropriate box)
☐ PREAPPLICATION
☒ APPLICATION
☐ NOTIFICATION OF INTENT (Opt.)
☐ REPORT OF FEDERAL ACTION

2. APPLICANT'S APPLICATION
a. NUMBER
b. DATE Year month day 1981 4 30

3. STATE APPLICATION IDENTIFIER
a. NUMBER
b. DATE ASSIGNED Year month day 19

Leave Blank

SECTION I—APPLICANT/RECIPIENT DATA

4. LEGAL APPLICANT/RECIPIENT
a. Applicant Name : City of Boston
b. Organization Unit :
c. Street/P.O. Box : 1 City Hall Square
d. City : Boston
e. County : Suffolk
f. State : MA
g. ZIP Code : 02201
h. Contact Person (Name & telephone No.) : Robert Ryan 617 / 722-4300

5. FEDERAL EMPLOYER IDENTIFICATION NO. E - 046 - 001 - 380

6. PROGRAM (From Federal Catalog)
a. NUMBER 14.221
b. TITLE Urban Development Action Grant

7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT

Boylston Building
(see Section II.A., Brief Project Description)

8. TYPE OF APPLICANT/RECIPIENT
A–State
B–Interstate
C–Substate District
D–County
E–City
F–School District
G–Special Purpose District
H–Community Action Agency
I–Higher Educational Institution
J–Indian Tribe
K–Other (Specify):
Enter appropriate letter E

9. TYPE OF ASSISTANCE
A–Basic Grant
B–Supplemental Grant
C–Loan
D–Insurance
E–Other
Enter appropriate letter(s) A

10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)
Boston, Massachusetts

11. ESTIMATED NUMBER OF PERSONS BENEFITING
330 jobs

12. TYPE OF APPLICATION
A–New
B–Renewal
C–Revision
D–Continuation
E–Augmentation
Enter appropriate letter A

13. PROPOSED FUNDING

a. FEDERAL	$ 2,040,000.00
b. APPLICANT	.00
c. STATE	.00
d. LOCAL	.00
e. OTHER	4,740,000.00
f. TOTAL	$ 6,780,000.00

14. CONGRESSIONAL DISTRICTS OF:
a. APPLICANT 8, 9, 11
b. PROJECT 9

15. TYPE OF CHANGE (For 12c or 12e)
A–Increase Dollars
B–Decrease Dollars
C–Increase Duration
D–Decrease Duration
E–Cancellation
F–Other (Specify):
Enter appropriate letter(s)

16. PROJECT START DATE Year month day 1981 7 10

17. PROJECT DURATION 9 Months

18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY ▶ Year month day 1981 4 30

19. EXISTING FEDERAL IDENTIFICATION NUMBER NA

20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)
U. S. Department of Housing and Urban Development

21. REMARKS ADDED
☐ Yes ☒ No

SECTION II—CERTIFICATION

22. THE APPLICANT CERTIFIES THAT ▶
a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved.
b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached:

		No response	Response attached
(1)	Mass. Department of Communities and Development	☐ to be	☐
(2)		☐	☐
(3)	Metropolitan Area Planning Council	☐ forwarded	☐

23. CERTIFYING REPRESENTATIVE
a. TYPED NAME AND TITLE Kevin H. White, Mayor
b. SIGNATURE Kevin H. White
c. DATE SIGNED Year month day 1981 4 30

SECTION III—FEDERAL AGENCY ACTION

24. AGENCY NAME

25. APPLICATION RECEIVED Year month day 19

26. ORGANIZATIONAL UNIT

27. ADMINISTRATIVE OFFICE

28. FEDERAL APPLICATION IDENTIFICATION

29. ADDRESS

30. FEDERAL GRANT IDENTIFICATION

31. ACTION TAKEN
☐ a. AWARDED
☐ b. REJECTED
☐ c. RETURNED FOR AMENDMENT
☐ d. DEFERRED
☐ e. WITHDRAWN

32. FUNDING

a. FEDERAL	$ .00
b. APPLICANT	.00
c. STATE	.00
d. LOCAL	.00
e. OTHER	.00
f. TOTAL	$ .00

33. ACTION DATE ▶ Year month day 19

34. STARTING DATE Year month day 19

35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)

36. ENDING DATE Year month day 19

37. REMARKS ADDED
☐ Yes ☐ No

38. FEDERAL AGENCY A-95 ACTION
a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A-95, it has been or is being made.
b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)

PART II

Description of Proposed Project

SECTION A

Brief Summary of Project and its Participant

PART II. DESCRIPTION OF PROPOSED PROJECT

II.A. BRIEF SUMMARY OF PROPOSED PROJECT

The City of Boston is applying for a $2,040,000 Urban Development Action Grant (UDAG) from the U.S. Department of Housing and Urban Development to induce the complete rehabilitation of the historic Boylston Building in Boston's Theatre District/Chinatown neighborhood. The Boylston Building, now mostly vacant and unproductive, will be transformed into a high technology light manufacturing facility for Wang Laboratories with street level minority retail uses. The developer is the Chinese Economic Development Council, a non-profit Title VII Community Development Corporation.

Wang Laboratories, Inc., a major Massachusetts-based high technology corporation, will be the prime tenant in the renovated structure, occupying floors 2-6 of the 105,000 s.f. 6-story structure with a new electronic equipment assembly facility. The remainder of the building, the street floor, is to be a Chinese retail arcade at below market rent to encourage minority business ownership opportunities.

The high technology component represents an expansion by the rapidly growing Wang Laboratories, a leading manufacturer of mini-computers and word processing equipment. Wang's proposed light industrial operation will generate 275-300 new permanent manufacturing jobs.

This proposed neighborhood industrial project represents a partnership between the City, a minority neighborhood CDC and the private sector. The Boylston Building is a unique and extraordinary economic development opportunity for Boston, with the following significant benefits:

- the introduction of a major high growth employer, Wang Laboratories, into Boston
- 320-355 new permanent jobs
    - 275-300 new permanent high technology manufacturing jobs
    - 45-55 new permanent full-time retail jobs
- 90 temporary construction jobs
- approximately $100,000 per year in new tax dollars to the City

The Boylston Building is located on the periphery of the Chinatown neighborhood in the heart of the Theatre District, in an area of severe economic underutilization and blight with some 1,000,000 square feet of vacant floor area. The Boylston Building is physically deteriorated and predominantly vacant.

The Action Grant will leverage $8,408,000 in private investment to make possible the complete renovation of this landmark structure, listed on the National Register of Historic Places, into modern Class A high technology manufacturing and retail space.

The new employment to be generated by Wang, to be accompanied by full manpower training, will be at a higher skill and salary level than normally available to Boston's inner-city minority residents, particularly low income Chinese-speaking residents for whom employment opportunities are otherwise severely restricted. Maximum linkage will be made between Wang, CEDC, and the City's CETA agency (Employment Economic Policy Administration) in order to maximize the new employment opportunities for Boston's minority and economically disadvantaged residents. The developer and Wang have agreed to the goals and principles of the City's First Source Agreement and UDAG employment plan.

The Boylston Building project is a top priority of Mayor Kevin H. White, the Boston Redevelopment Authority (BRA), and Boston's Economic Development and Industrial Corporation. In addition to the aforementioned benefits, the Boylston Building is a crucial component of the BRA's comprehensive revitalization strategy for the Theatre District.

UDAG is essential for Boston to benefit from this unique opportunity. This project is feasible only with a $2,040,000 Action Grant--which is necessary to close the gap between the inner-city cost of acquiring and rehabilitating the Boylston Building and the amount of conventional debt that can be sustained by the proposed manufacturing and retail uses. the UDAG funds, in the form of a $2,030,000 loan by the City to the developer, will be used only for physical rehabilitation costs.

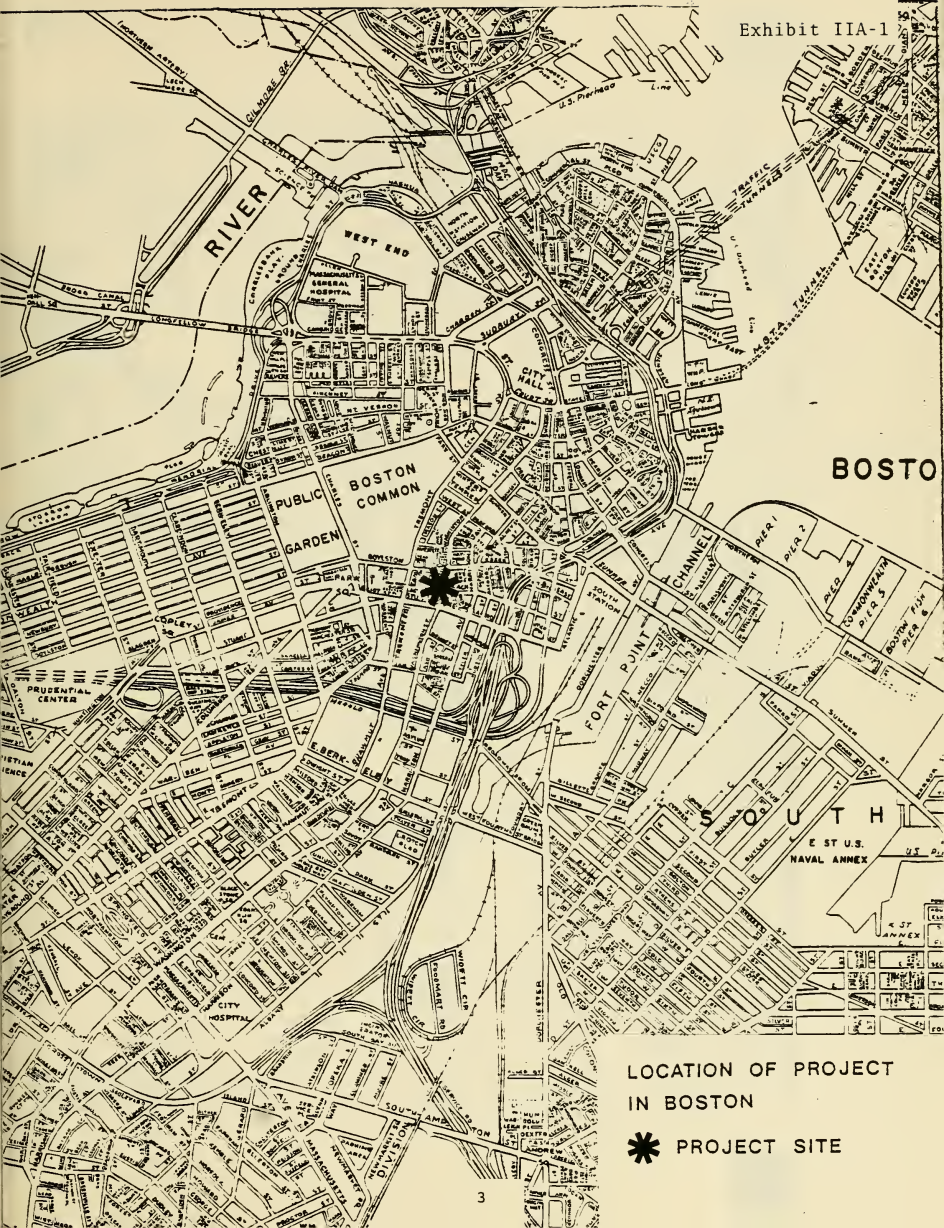
PROJECT BUDGET

ACQUISITION		$ 1,500,000
Purchase Price	$ 1,368,000	
Closing Costs	32,000	
Relocation	100,000	
REHABILITATION		$ 4,530,000
Demolition & Removal	$ 200,000	
Construction Improvements	3,100,000	
A & E; Construction Management	765,000	
Contingencies (11%)	465,000	
TENANT IMPROVEMENTS		$ 750,000
Wang Improvements & Equipment	$ 500,000	
Retail Tenant Improvements	250,000	
PROJECT TOTAL		$ 6,780,000

UDAG Budget

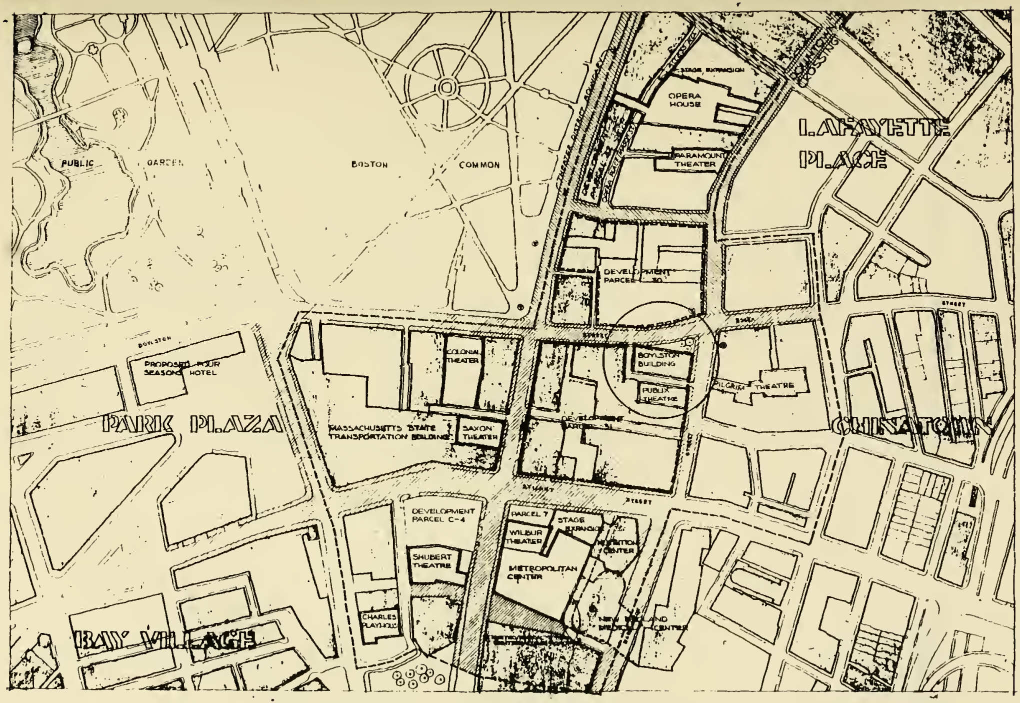
Boylston Building Rehabilitation Loan	$2,030,000
Administration	10,000
UDAG Award	$2,040,000

Exhibit IIA-1



LOCATION OF PROJECT
IN BOSTON

✱ PROJECT SITE



THEATER AND ENTERTAINMENT DISTRICT

PROJECT AREA: THEATER DISTRICT
drawn by: ROGER C ERICKSON
scale: 1:100
date: DECEMBER 5,1980

BOSTON REDEVELOPMENT AUTHORITY **URBAN DESIGN DEPARTMENT**

SECTION B

Detailed Project Description

II.B. DETAILED PROJECT DESCRIPTION

II.B.1 Statement of Problems and Objectives*

II.B.1. a. Problems

Although Boston is a "hub" city for a large metropolitan and regional market, its experience contrasts sharply with that of its surrounding area. Boston is a small city with exaggerated concentrations of problems common to older, mature central cities. The City of Boston makes up only one-fifth of its metropolitan area population, compared to an average of two-thirds among the nation's large central cities. Consequently, relative to other central cities, Boston has experienced a substantially greater impact of losses of population, manufacturing and trade firms, and of increased concentrations of poor in the central city. Boston, with 20% of the metropolitan area population, has 40% of the metro poor. In addition, the City does not have within its confines the more affluent neighborhoods which boost the income and tax base of other large cities.

Once a manufacturing center, Boston has shifted to greater specialization in services. The growth of the services sector, up until the 1970's, had traditionally offset Boston's long-term losses in manufacturing, trade and construction (115,000 jobs were lost since 1950). The recessions of 1971-72 and 1974-75 impacted Boston severely on all employment fronts and contributed to the loss of 50,000 jobs between 1970 and 1977. These losses more than wiped out the gains made during the 1960's and today Boston has 25,000 fewer jobs than in 1970.

The effects of job losses and the shift to specialization in services have contributed to the multi-faceted problems facing Boston today:

- o Boston's unemployment rate of 6.3% (annual 1980 average) hits hardest among those with manual skills, the Black and Hispanic workforce (9% minority unemployment rate, 1980). The minority and unemployed workforce is heavily concentrated in center areas of the City. Chinatown, the target area for the UDAG application, has the largest concentration of the City's Chinese population and a high underemployment and unemployment rate.

- o Boston residents have captured a decreasing proportion of jobs in the City, down from 48% in 1960 to 38% in 1977. The rising employment sectors, particularly services, increasingly provide jobs to commuters from the suburbs and outside the SMSA. These commuters have the skills and education to out-compete Boston's displaced blue collar workers, who are now seeking jobs in the expanding economic sectors without the requisite skills.

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*Boston's Comprehensive Economic Development Strategy (CEDS), FY 1981. (August, 1980)

- The low per capita income level in Boston ($8,196 in 1979) is, in part, attributable to unemployment, but also to the low-wage jobs held by Boston workers. While some portion of the resident workforce has migrated from the lost blue collar jobs to the growing service sector, the employment and educational background of these City residents justifies speculation that they hold the relatively lower-wage occupations in this sector.

- Boston is still suffering from the population loss experienced up to 1970 which contributed to housing deterioration and abandonment in Boston's older neighborhoods, and the decline of neighborhood commerical centers. Low incomes translate into less investment in housing, less local purchasing power, and contribute to rising inner-city problems of crime, social deterioration and private sector disinvestment. The results are that large segments of vacant or under-utilized land and buildings in commercial, industrial and residential areas of the City await reuse initiatives.

- The property tax, Boston's sole revenue source, is overburdened by increasing demands for public improvements and services. The property tax base has not reflected the City's economic growth, in part because property wealth has not risen commensurately. The loss of manufacturing has been replaced by a thriving service sector, which has required less capital investment per worker. Because the lifeblood of the property tax is capital investment, it has been relatively unresponsive to the service sector growth. The problem is exacerbated by the City's large share of tax-exempt properties, such as hospital and educational facilities, which comprise two-thirds of the total assessed valuation in the City.

- Although Massachusetts' recently enacted tax reform legislation, Proposition 2½, promises to alleviate much of the burden of high property taxes, it has failed to provide alternative revenue sources to off-set the resulting massive loss of income to the State's cities and towns. This measure, to be phased in over 3 years, places a cap of 2½% upon the maximum property tax to assessed value ratio. (Boston's 1981 average was 7.8%). This will cause a $90 million decrease in City revenues in FY82 and necessitate the dismissal of over 3,000 municipal employees in the first year alone. The impact of 2½ has been not only to seriously diminish the City's ability to provide basic and vital services but also has caused the City's bond rating to be suspended, eliminating General Obligation bond funding for capital improvements for the forseeable future.

- In addition, the cost of private development of inner city sites is often prohibitive without major public subsidy. The cost of land clearance, parcel assembly, provision of parking and infrastructure improvements, as well as property taxes for city sites, make these sites non-competitive with suburban locations unless development incentives are available and tailored to inner-city firms' needs.

For additional information see: (1) CDBG Application, Year 6, (2) CEDS, FY 1981.

With regard to Boston's Chinatown, the neighborhood faces a number of severe physical and economic problems which have contributed to chronic economic deterioration.

- The Chinese maintain a very small share of the manufacturing industries. The majority of Chinese manufacturing employment is concentrated in the garment industry which is a declining industry. The garment shops are small operations, and have been reduced in number by half since World War II. The flight of some of these industries has left many buildings vacant or underutilized which contributes to the general economic deterioration of the area.
- Approximately 75% of all Chinese men are employed in restaurants and laundries, and approximately 75% of all Chinese women are stitchers in the garment industry. There are strong cultural and institutional barriers to high technology jobs for Chinese, even though the majority of Chinese immigrants are hard working and skilled. There is a lack of on-the-job and English language training, and no successful effort to actively recruit Chinese workers by high tech employers. Consequently, there is severe underemployment in Chinatown as many workers are forced to take up less skilled occupations.
- The city-wide low per capita income level in Boston, which was $8,196 in 1979, is partly attributable to unemployment but also to low-wage jobs held by Boston workers. The annual income of Chinatown is even lower than the average income of the Boston metropolitan area. The labor intensive trades in which most Chinese are employed command low wages; wages in the restaurant industry are usually below the minimum wage.
- During the past two decades there has been the encroachment of development activity upon Chinatown which has squeezed the community from all sides. The construction of the Massachusetts Turnpike extension and the Southeast Expressway, and the expansion of Tufts/New England Medical Center has reduced the size and viability of Chinatown, and has brought about a loss of land control by the Chinese. The detrimental activities of the Combat Zone on the periphery of Chinatown including vagrancy, prostitution and crime have contributed to the decline of the area. Such activities have deterred private investment and have depressed property values in the area.

II.B.1.b. Objectives

Boston's Comprehensive Economic Development Strategy (CEDS) outlines the fore-mentioned problems and directs priority status for projects which benefit areas with high unemployment and bolster area development potential. The CEDS priority sector comprises the manufacturing industries, particularly those offering job opportunities at above-average wages to the Boston resident workforce and representing an expansion and diversification of the City's economic base. The manufacturing sector is expected to improve the long-term quality and diversity of jobs in Boston. It is also the sector most in need of public attention if the City is to retain existing jobs and capture the expansion and start-up opportunities of growing firms. CEDS goals, in summary, are:

1. Increase the number and quality of jobs for Boston residents in order to reduce unemployment and increase real income.

2. Induce and encourage the growth and diversification of Boston's economic base.

3. Strengthen the City's tax base in order to increase City revenues for providing public improvements and services, while at the same time, reduce the City's dependence on the property tax and continue a well-managed fiscal strategy.

4. Target infrastructure improvements to those areas having the greatest potential for fostering job-creating industrial and commercial development.

5. Promote and preserve the stability of neighborhoods as places to live and do business.

For each goal, CEDS proposes specific objectives and policies.

The Chinese Economic Development Council as a Title VII CDC possesses its own Overall Economic Development Plan (OEDP), a six-year plan for the economic development of the Chinatown community, directs priority status for projects which create employment opportunities for community residents and expand community development potential. The proposed project is consistent with CEDC's Land and Housing Development goals as follows:

1. Increase land control thereby preserving the Chinese neighborhood and integrating it into the downtown commercial district.

2. Increase the availability of commercial space which at the present time is underutilized at 11.7 acres out of 32 acres of space (including non-street floors) in Chinatown.

3. Strengthen the visual image of Chinatown by promoting it as a viable neighborhood in which to live and do business.

The renovation of the Boylston Building and its subsequent impact on the community is also consistent with CEDC's Business Development goals.

1. Increase Chinese manufacturing activity in leading industries which will create employment opportunities in growth sectors and increase real income.

2. Increase Chinese ownership of manufacturing firms thereby encouraging the growth and diversification of Chinatown's economic base.

3. Provide area residents with gainful job opportunities thereby combatting high unemployment and underemployment in Chinatown.

4. Provide area residents with on-the-job and English language training so that they are better equipped to break the cultural and institutional barriers to jobs in growth sectors.

II.B.1.c. Strategies and the Proposed Project

The potential for industrial development in Boston must be strategically cultivated. Recent gains in manufacturing employment indicate the prospects for future growth. Twelve of the City's nineteen manufacturing sectors experienced recent gains and included those paying above-average wages. This advance has demonstrated that the combination of City programs to stimulate industrial development and good competitive posture can succeed in Boston and is confirmed most strongly by growth trends for three industries -- fabricated metals, high technology instruments, and transportation equipment -- which have shown growth since 1972. The targeting of public support, as needed, to encourage the continued existence and expansion in Boston of these growth industries is a key element of the CEDS strategy.

Boston's existing and potential firms must receive concerted City attention toward meeting their location, expansion and other needs, if the City is to ensure their Boston location and the provision of jobs to City residents.

The CEDS criteria for identifying priority industrial development projects are as follows:

1. Project is expected to generate a significant number of new jobs.
2. Project is expected to generate jobs for Boston residents.
3. Project will have a positive quantifiable impact upon minorities in terms of employment and income.
4. Project represents growth or expansion of the City's economic base.
5. Significant tax benefits would be derived by the City.
6. Project will play a significant role in the long-term development of the area and will anchor existing investment as well as act as a catalyst for future private investment.
7. Project will complement other programs designed to revitalize or develop the area.

The Chinese Economic Development Council states its economic development strategies as follows:

1. The diversificaton of the industrial base of Chinatown into growth-oriented industries. This will lead away from the specialization in the lower wage restaurant and garment industries, and will open up new job opportunities for area residents and raise skill levels of the Chinatown labor force.
2. The investigation of the income potential of vacant and underutilized buildings in Chinatown, and the location of businesses in these buildings. The flight of the garment and leather industries, and the encroachment of outside development activities have left many commercial/light industrial buildings unoccupied or underutilized, and in varying stages of physical decline.

The Boylston Building project represents a significant step in furthering Boston's goals for economic development and job creation. The Boylston Building project satisfies the CEDS program criteria as follows:

1. Wang Laboratories, a major electronics firm, will create 275 to 300 permanent jobs in the Boylston Building. This project will include on-the-job and English language training as part of the development program. Another 50 jobs will be created through the establishment of a Chinese retail arcade for a total of 325-350 permanent jobs. In addition, 90 construction jobs will be filled.

2. The developer, CEDC, and the prime tenant, Wang Laboratories, have agreed to the City's First Source Agreement which provides for a goal of employing Boston residents in 50% of all newly created permanent jobs and employing economically disadvantaged Boston residents in a least 15% of the jobs in the occupational categories for which the City can provide CETA referrals. Wang Laboratories will provide the City of Boston 10 working days to refer Boston residents to jobs before using other employment sources.

3. The Agreement further provides that construction funded in whole or in part by UDAG funds will meet the Mayor's Executive Orders on Resident Hiring and Minority Business Enterprises (See Exhibit IIID-1,2,3).

4. Wang's commitment to Boston not only provides immediate job benefits to the City but also makes Boston a prime candidate for future Wang expansion. Attracting the rapidly growing high technology industries is a top priority of CEDS.

5. The Boylston Building project will contribute significantly to City revenues. The facility will pay approximately $100,000 in new property taxes annually.

6. The Boylston Building project will serve to play a significant role in the revitalization and diversification of Chinatown's industrial base as well as complement such projects as the Theatre District Revitalization and other housing and community development projects in the immediate area.

7. In particular, this project will complement the City's revitalization efforts and programs now in effect in the adjacent Leather District, Lower Washington Street and Park Plaza areas.

II.B.1.d. Need For Assistance

As an older city, Boston has several problems which necessitate an external catalyst to stimulate private investment. Private development of inner-city sites is costly without public subsidy. Land cost, clearance, assembly and infrastructure improvements as well as parking requirements and property taxes quickly add up to a development cost that is noncompetitive.

The Boylston Building project is a priority project for the City. Its top priority status in the CEDS document is a recognition not only of the project's job creation benefits but also the importance of the attraction of new industries to the City as a critical element in the City's industrial expansion strategy.

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Library

Unfortunately the City is severely limited in its ability to help industry write down these extra-ordinary costs and thus leverage such a unique opportunity as this proposed Boylston Building project. The property tax is the only significant local source of general revenue authorized to the City by the Commonwealth of Massachusetts. In FY80, the property tax accounted for over 83% of locally raised revenue. Boston's effective property tax rate is among the highest in the nation. Currently, it is $272.90 per $1,000 in assessed value. The City is not authorized to collect either retail sales or income taxes.

An examination of the City's budget for FY'78 reveals the degree of dependence on outside sources of revenue. Approximately $171 million in federal and $132 million in state funds, representing approximately 35% of the budget, was used that year by the City to carry on a variety of City functions.

With the implementation of Proposition 2½ the property tax disparity between the City and the suburbs will be reduced, making the City more competitive. However, the impact of Proposition 2½ upon the City of Boston will be to severely curtail the City's ability to provide essential services. As noted before, the City is projected to lose over $90 million in property tax revenue in FY82 alone, which will result in the dismissal of over 3,000 municipal employees. This graphically illustrates the importance of increasing the City's tax base and avoiding the use of tax agreements as locational subsidy mechanisms. Currently, tax-exempt properties - federal, state, medical and educational facilities - comprise 62% of the total land in Boston.

The City's ability to utilize general obligation bonds to aid economic development activities is quite limited. At present, because of Proposition 2½, the City's bond rating has been suspended, thus curtailing the use of GO bonds for capital improvements for the foreseeable future. All capital improvements have been suspended indefinitely.

The City debt load (measured by the conventional ratio of the size of outstanding debt to estimated full and taxable valuation) has grown to become the second highest in the country among cities, second only to New York City, according to Moody's Investor Service. The gross debt per assessed value is 30.4%. The gross debt of $847 per capita is high compared to other cities nationwide. In response to this situation, the City has established and has had in effect for the past few years a policy to limit the debt at $60 million per year. This, nevertheless, still increases debt faster than old debt is retired, and at higher interest rates. In fact, because of this policy, requests of over $40 million in capital improvements needs defined by various City departments were unmet last year. It is anticipated that these pressures on the Capital Budget will continue.

The City's high existing debt load has been the result of a clear policy by the City to undertake a substantial backlog of public development projects in order to upgrade the City's facilities. Since the 1960's, an aggressive capital expenditure program for school construction, urban renewal, mass transportation and port development has been pursued by the public sector. Approximately 75% of the City's direct debt now is represented by school construction and urban renewal projects alone. Over this period, substantial injections of public capital were provided -- in the first case, principally to eliminate outworn and inadequate structures and secondly, to encourage public and private investment in strategic areas of the City.

In the midst of these realities, the opportunities to invest in Boston offer clear benefits to the public and private sectors. For the private sector, a labor force is readily available and public transportation to the site is in place. For the public sector, the limited public investment will leverage substantial private money to create significant employment opportunities for Boston's economically disadvantaged and minority residents.

II.B.2. Conformance to CEDS

The proposed project is a CEDS Top Priority Economic Development Project.

II.B.3. Project Feasibility Analysis

The feasibility of the project is based upon the development track record of CEDC and the demonstrated growth potential of the prime tenant, Wang Laboratories. Wang Laboratories is a major national manufacturer of mini-computers and word processing equipment experiencing strong growth. Wang employs 14,000 people currently and has sales of $800 million annually. No formal market analysis or feasibility study was deemed necessary due to the Wang commitment. (Please see Exhibit IIB7-7, Wang Laboratories financial statement.)

With regard to the Chinese retail area, over 36 merchants have already expressed interest in the 12,000 square foot street level location in the heart of Boston's Theatre District. The $7.00 per square foot rent (includes taxes and utilities) is $3-$4 lower than comparable retail space in adjacent areas.

II.B.4. Developer and Other Parties

a. The Chinese Economic Development Council Inc., is the developer of the Boylston Building project. As a U.S. Community Services Administration Title VII Community Development Corporation, CEDC has over the past five years been involved in numerous projects funded though the Community Services Administration/Office of Economic Development. Among these were the purchase and upgrading of an 11 story building located at the corner of Harrison and Beach Streets in Chinatown and a 39 unit Section 8 housing project which will begin construction in June of 1981. CEDC has a full time experienced professional development staff.

b. Wang Laboratories Inc., is a major Massachusetts-based corporation in the high technology computer and word processing industry. Wang is to be the prime tenant in the Boylston Building occupying floors 2-6 and a small portion of the first floor for a retail computer store. Wang Laboratories, a Fortune 500 company based in Lowell, Massachusetts, was founded in 1951. Today Wang employs over 14,000 people and has nearly $800 million in annual sales.

c. The finance lease arrangement calls for Wang Laboratories Inc., to lease the entire Boylston Building project, CEDC to sublease back the street floor, with CEDC to then sub-sublease the street level to the Chinese retail tenants who will occupy the retail arcade.

Through a wholly owned subsidiary corporation, CEDC will retain ownership until Wang purchases the property 7.5 years after the commencement of the lease. Wang, as prime tenant, will be responsible for all operating and maintenance costs of the entire building. CEDC will manage the retail space.

d. As described above, CEDC and Wang have a conditional agreement whereby Wang will be lessee of the entire building and then lease back to CEDC the street level. The lease is conditional upon the UDAG award.

There are no relationships between any elected officials, City employees or any of their families to this project.

CEDC's staff costs to implement and complete this project will be approximately $50,000 - $75,000, based on present salary levels and overhead costs.

The housing project in which CEDC is involved is within four blocks of the Boylston Building project and the building owned by CEDC at the corner of Harrison Avenue and Beach Streets is approximately six blocks from the project. If this project leverages additional private development in the surrounding areas, property values in the area may increase, including that of CEDC's other properties.

II.B.5. Consultants

Only two consultants have been hired for this project by the developer:

Name	Function	Costs
Stephen Hopkins	Real Estate Development	$15,000
Relocation Associates Inc.	Relocation Assistance	4,800

The City of Boston has not hired any consultants for this project.

II.B.6. PRIMARY PROJECT DESCRIPTION

a. Project and Transaction Descriptions

The Boylston Building Project will consist of five operations: (1) purchase, (2) relocation, (3) property rehabilitation, (4) leasing, outfitting, and equipping of light industrial space, and (5) leasing and outfitting of retail arcade.

1. Purchase

On December 1, 1980, the Boylston Building was purchased by the Chinese Economic Development Council, Inc., a Title VII Community Development Corporation. The property was purchased from David Gopen, Sarah Gopen and David Presson, Trustees of Century Building Trust, for $1,338,250 (see Exhibit IIB7-5) plus associated expenses. CEDC purchased the property with totally private funds, a short term loan from First National Bank of Boston, with a permanent mortgage to be provided by the State Land Bank upon award of an Action Grant. CEDC, or a subsidiary of the same, will retain ownership of the property for 7.5 years. The property will then be sold to Wang Laboratories, Inc. for $4,000,000 and assumption of all remaining debt.

2. Relocation

The Chinese Economic Development Council is in the process of relocating the seven businesses occupying space in the building at the time of acquisition by CEDC. The developer is already fully complying with the Uniform Relocation Act through a Commonwealth of Massachusetts' approved Chapter 79A relocation plan (see Exhibit IIID-4), which provides identical benefits. All relocation services and benefits are being handled with private funding, and it is anticipated that relocation will be complete prior to the receipt of UDAG funds. No UDAG funds are being requested for relocation.

3. Building Rehabilitation

The Chinese Economic Development Council, Inc., will completely rehabilitate the 115,000 square foot Boylston Building for reuse as light manufacturing and retail space. The Boylston Building has been designated as an historic structure by the Boston Landmarks Commission and has been placed on the National Register of Historic Places. Renovation plans have received approvals from the Massachusetts Historical Commission, as well as a statement of no objection from the Advisory Council on Historic Preservation (see Exhibits IIB6-1, 2, 3, 4).

KING
OF PIZZA
KING
OF PIZZA
LIBERTY
BOYLSTON BOOK SHOP
Hertz

Exhibit IIB6-1

Boston Redevelopment Authority

April 22, 1981

Mr. Jordan E. Tannenbaum
Chief,Eastern Office of Review and Compliance
Advisory Council on Historic Preservation
1522 K Street, NW
Washington, D. C. 20005

RE: Boylston Building
Boston, MA
Urban Development Action Grant Program (HUD)

Dear Mr. Tannenbaum:

I have received a copy of your letter, dated April 15, 1981, to Mr. Harold J. Marshall, Regional Environmental Officer, Economic Development Administration, concurring with his determination that the proposed rehabilitation of the Boylston Building (listed in the National Register as part of the Theatre District Multiple Resource Listing) would have no adverse effect.

Due to the recent cut back in EDA assistance, the project sponsors, through the City of Boston, are now applying for Urban Development Action Grant funds from HUD in order to assist in the undertaking of this project. The proposed plans for the rehabilitation remain the same as those submitted by EDA, with the exception that the existing penthouse will be retained rather than be replaced and the new storefronts will not be recessed as originally proposed. The most recent plans have been reviewed with the SHPO, and confirmation of her original concurrence with a finding of no adverse effect is indicated by her initials (attached).

Since you have previously concurred with this finding for this project, I would assume that no further compliance with Section 106 of the National Historic Preservation Act and the Council's regulations is required by virtue of the change in project funding.

1 City Hall Square
Boston, Massachusetts 02201

A copy of your concurrence will be included in the assessment prepared for this undertaking in compliance with the National Environmental Policy Act.

Sincerely,

Richard B. Mertens
Environmental Review Officer

cc: J. Orfant, MHC

Attachment

Exhibit IIB6-2

**Advisory
Council On
Historic
Preservation**

1522 K Street, NW
Washington, DC 20005

April 15, 1981

Mr. Harold J. Marshall
Regional Environmental Officer
Economic Development Administration
Federal Reserve Bank Building
105 North 7th Street, Room 600
Philadelphia, PA 19106

Dear Mr. Marshall:

On March 30, 1981, the Council received your determination that the proposed rehabilitation of the Boylston Building would not adversely affect the the Washington Street Theatre District, Boston, Massachusetts, a property included in the National Register of Historic Places. In accordance with Section 800.6(a) of the Council's regulations (36 CFR Part 800), the Executive Director does not object to your determination.

As provided in Section 800.9 of the Council's regulations, a copy of your determination of no adverse effect, along with supporting documentation and this concurrence, should be included in any assessment or statement prepared for this undertaking in compliance with the National Environmental Policy Act and should be kept in your records as evidence of your compliance with Section 106 of the National Historic Preservation Act and the Council's regulations. As you know, compliance with the Council's regulations is a separate process from obtaining certified rehabilitation status from the Secretary of the Interior for purposes of the Tax Reform Act of 1976. If the project developer wishes to determine if his project qualifies as a certified rehabilitation, the plans and specifications for the project must be submitted to the Secretary for review.

Thank you for your cooperation.

Sincerely,

Jordan E. Tannenbaum

Jordan E. Tannenbaum
Chief, Eastern Division of
Project Review

Exhibit IIB6-3

MASSACHUSETTS
HISTORICAL
COMMISSION

COMMONWEALTH OF MASSACHUSETTS
Office of the Secretary of State

294 Washington Street
Boston, Massachusetts
02108
617-727-8470

MICHAEL JOSEPH CONNOLLY
Secretary of State

August 26, 1980

Mr. Michael O'Bryon, Director of Business Development
Chinese Economic Development Council
20 Hudson Street
Boston, Massachusetts 02111

RE: Bolyston Building:

This office has reviewed the most recent plans for the rehabilitation of the Boylston Building. I understand that your organization will be undertaking this proposal with assistance from the Economic Development Administration. After reviewing these plans, I concur to a finding of no adverse effect for this action (36 CFR 800.4(c)). A copy of these comments should be included with material submitted to the Advisory Council for their review.

Although this property is not listed in the National Register it appears to meet Criteria A and C of the National Register Criteria for Evaluation. EDA must request a Determination of Eligibility from the Secretary of the Interior for this building. This is required to request the comments of the Advisory Council.

If you should have any questions, please contact Joe Orfant, Review Director of my staff.

Sincerely,

Patricia L. Weslowski

PLW 4/16/91

Patricia L. Weslowski
State Historic Preservation Officer
Executive Director
Massachusetts Historical Commission

cc: Marcia Myers, BLC
Sharon Conway, Advisory Council
John Marshall, EDA
Acting Keeper, National Register

Exhibit IIB6-4

Boston
Landmarks
Commission

City Hall, Boston
Massachusetts 02201
(617) 722-4300

Marcia Myers,
Executive Director

November 10, 1980

Mr. William J. Leong
Chinese Economic Development Council, Inc.
20 Hudson St.
Boston, MA 02111

RE: BOYLSTON BUILDING
2-22 Boylston St.
Application for CDA #0021

Dear Mr. Leong:

Subsequent to the hearing held on Tuesday,October 28, 1980, the Boston Landmarks Commission reviewed your application for a Certificate of Design Approval for the Boylston Building.

This application as presented was approved in concept by the Commission with the understanding that specific plans and elevations for exterior rehabilitation will be presented to the Commission after the applicant has selected its final design/build team. The proposed exterior treatments as presented are consistent with the Commission's standards and criteria for the Boylston Building.

The Commission is pleased to participate in the process of preservation of this important Boston Landmark.

Sincerely yours,

Marcia Myers (gsm)

Marcia Myers
Executive Director

cc: Michael O'Bryon, Director Business Development

The composition of the square footage in the renovated building is expected to be as follows:

USE	GROSS SQUARE FEET
Electronic Light Assembly	90,000
Chinese Retail Arcade	15,000
Basement	10,000
Total	115,000

The $4.5 million of property improvements to the Boylston Building by the developer will include the following items:

1. Interior demolition
2. Roofing
3. Clean existing stonework
4. Repair and clean exterior brickwork
5. Restore ground floor facade
6. Refurbish fire escapes
7. Clean basement, new concrete floor as needed
8. Replace windows
9. New storefront and entrances
10. Rough and finish carpentry
11. Interior partitions, painted
12. Doors, frames and hardware
13. Ceilings
14. Carpeting
15. Ceramic Tile
16. Resilient flooring
17. Toilet partitions
18. Toilet accessories
19. Miscellaneous metals
20. Miscellaneous building specialties
21. Refurbish elevators
22. Plumbing
23. Refurbish existing sprinkler system
24. H.V.A.C.
25. Electrical improvements

The building is of brick and steel loft construction with brick bearing walls supporting a floor construction of closely spaced "I" beams with brick arches between them. There are currently two passenger and one freight elevator in the building. The building contains a full wet sprinkler system. It is well suited to commercial uses on the first floor and light manufacturing on the upper floors. Approximately 175 feet of frontage on Boylston Street and 80 feet of frontage on Washington Street is available to ground floor commercial tenants.

It is anticipated that rehabilitation activity will begin in July 1981 and continue for a nine month period. The project will be carried out on a design construction basis. The CEDC has advertised a request for proposals on the project and responding proposals will be opened on April 20, 1981.

4. Leasing, Outfitting, and Equipping of Light Industrial Space

The Chinese Economic Development Council has reached conditional agreement with Wang Laboratories to lease the entire building and occupy floors two (2) through six (6) of the Boylston Building, or approximately 92% of the available space. This will be a 7.5-year finance lease arrangement with a purchase of the property and assumption of all debt by Wang Laboratories at the end of this period. This lease is conditional upon the award of the Action Grant.

Wang's leasehold improvements and manufacturing equipment costs are estimated at $750,000, and will be privately funded by Wang. Wang intends to operate a light industrial assembly operation oriented to Wang's line of computer and word processing equipment.

As the prime tenant under the finance lease, Wang will be responsible for maintaining the entire building and all operating costs.

5. Leasing and Outfitting of Retail Arcade

The ground floor will be converted into a retail arcade for approximately eleven Chinese merchants. The rent structure will be below market to encourage minority business opportunity. The Chinese Economic Development Council has created a tenant selection committee to locate and review potential applicants for the ground floor retail arcade. The committee includes representatives of CEDC staff and Board of Directors, Wang Laboratories, community groups and the City of Boston (BRA). This group will select Chinese firms for their quality of operation and growth potential from a present listing of over 30 applicants. CEDC will sub-lease the street floor from Wang and sub-sub-lease the retail space to the minority merchants. Leasehold improvements by the merchants are estimated at $250,000, to be financed privately.

The Boylston Building project is an important element in the City's downtown revitalization strategy. There are several large development projects now underway in the immediate area of the Boylston Building. These development projects include the Lafayette Place retail/hotel complex to the north, the Human Nutrition Research Center and Pediatrics wing of Tufts-New England Medical Center to the south and the State Transportation Office Building to the west. The Chinatown commercial core lies to the east of the Boylston Building.

All of these developments are under construction and will have a dramatic impact on the physical, economic and social environment within and around the project location.

Public improvements currently underway in adjacent areas include those elements associated with the Park Plaza Urban Renewal Project which includes utility work, new street and pedestrian paving in the area of Stuart, Washington and Boylston Streets. The highly successful Downtown Crossing pedestrian improvements have been installed in phased fashion on Washington Street and will be extended southward pending the completion

of Lafayette Place. In Chinatown's primary shopping area, pedestrian and vehicle improvements are planned for Beach Street. The Harrison Avenue-Essex Street intersection, located just to the east of the Boylston Building, will be improved with widened sidewalks and landscaping. Finally, the Massahcusetts Bay Transportation Authority has committed funds to upgrade the Essex subway station which is located across Washington Street from the Boylston Building. All of these improvements will come from funds other than the proposed UDAG.

b. Site Information

The Boylston Building is a free standing structure containing six floors and a basement located on a 15,400 square foot lot. Each floor contains approximately 15,000 square feet for an aggregate space of 115,000 square feet, including the basement. The property is located on the southwest corner of Washington, Boylston and Essex Street in the heart of Downtown Boston's Theatre District (see location map). Given the downtown location of the project, it is well served by roads, utilities, water and sewer and mass transit.

c. Property Information

The Boylston Building is located within two zoning districts, B-10 and E. B-10 is a General Business category while "E" designates the Adult Entertainment overlay district. A zoning change will be needed to accommodate the proposed light manufacturing use of the property. As part of the 121A tax agreement, which the developer is seeking, the Boston Redevelopment Authority has the jurisdiction to grant zoning changes.

d. Administration

The Boston Redevelopment Authority (BRA), the Chinese Economic Development Council, Inc. (CEDC), and WANG Laboratories, Inc., will be jointly responsible for conducting and managing activities financed with UDAG funds.

The Boston Redevelopment Authority, Robert J. Ryan, Director, will be the recipient of the UDAG from the City. The BRA will administer the UDAG loan. The BRA will be responsible for the timely performance and completion of all City-related UDAG responsibilities on behalf of Mayor Kevin H. White. The BRA will also be responsible for coordinating all post grant approved activities regarding the design of the UDAG contract and loan agreement, all related negotiations, public approvals, permits, tax agreements, and the submission of evidentiary materials. The BRA Legal Department, Harry Stoddard, Chief General Counsel, in conjunction with the City Law Department, Harold Carroll, Corporation Counsel, will review all contracts and evidences of commitment to be submitted to HUD.

It will be the responsibility of the Community Development Accounting Office in conjunction with the BRA Accounting Department, George Niles, Deputy Director for Finance and Administration, to design and implement the contract to transfer funds from the City's Amended Letter of Credit

to the BRA in accordance with the UDAG Grant Agreement. The BRA Project Manager, along with the BRA's Traffic, Engineering, Environmental, Urban Design and Legal Departments will review and monitor the progess of all UDAG-funded activities and insure that they are performed in accordance with the Grant Agreement. Moreover, during the course of the nine months of construction, the BRA will continue to perform all normal planning and review functions on behalf of the City.

It will be the responsibility of the BRA Compliance Officer, to ensure that the appropriate Federal, State and City regulations are included in the terms of all Federally-funded contracts. He shall be responsible for conducting all pre-bid conferences in conjunction with other City compliance agencies. The Office of Intergovernmental Relations, Albert Hom, Deputy Director for Compliance, will be responsible for monitoring Federal Wage and the quarterly Affirmative Action requirements for construction contracts, The Office of Contract Compliance will be responsible for monitoring construction hiring and the First Source Agreement. Finally, the Office of Minority Business Utilization will monitor compliance with the City's Minority Business set-aside requirements.

The Employment and Economic Policy Administration, David Mundel, Administrator, will be responsbile for the design, planning, and implementation of the Employment Plan, as well as the training and referral of CETA-eligible Boston residents for the job opportunities provided by this project.

CEDC & Wang Laboratories

CEDC, through its Board of Directors and Executive Director, William Leong, has advertised for bids for the building renovation work. While construction is in progress, CEDC and Wang Laboratories, Inc., will manage the project by utilization of their real estate staffs to insure all construction proceeds as specified and to advise on the execution of change orders as needed.

CEDC will provide technical and financial assistance to Chinese small business tenants on an as needed basis. A Tenant Selection Committee, with representation from CEDC, the Chinatown Community, and the BRA, is reviewing all applications for the ground floor commercial space.

II.B.6.e. Necessity of Action Grant

UDAG is essential for Boston to benefit from this unique opportunity. This project is feasible only with a $2,040,000 Action Grant to close the approximately $2 million gap between the inner-city cost of acquiring and rehabilitating the landmark Boylston Building and the amount of conventional debt that can be sustained by the proposed high technology manufacturing and minority retail users.

The development cost to the Chinese Economic Development Council, the non-profit CDC developer, is $6 million. $3 million in private debt (IRB and State Land Bank loan) and a $1 million CSA grant will fund $4 million of CEDC's development cost, leaving a gap of $2,030,000 in rehabilitation costs still to be financed.

The revitalized Boylston Building with the manufacturing and minority retail uses proposed cannot sustain any additional conventional debt. Under its conditional lease with the developer, Wang's average per square foot rent in this building will be in excess of $12 per square foot, which is at least $5 per square foot higher than comparable high technology manufacturing space (Exhibit IIB6-5), demonstrating the Company's commitment to the Chinese community of Boston. The street floor retail arcade is to be leased to Chinese merchants at $7 per square foot gross, several dollars below market rent in downtown Boston, to encourage minority business opportunities.

UDAG is the only funding source available to bridge the $2,030,000 financing gap. The additional income required to service this amount of additional private debt would increase the lease costs beyond what Wang Laboratories is prepared to pay to create jobs in inner-city Boston and beyond what the minority merchants could afford. There exists no alternative to the Action Grant, as indicated in Section II.B.1.a.

The City, CEDC and Wang have determined that an injection of $2,030,000 of Action Grant funds, in the form of a loan to CEDC for rehabilitation costs, will make this extraordinary project feasible. This $2,030,000 loan would be at 2½% interest, with a 7.5 year term (to coincide with the 7.5 year finance lease), and would be interest only during this period, with repayment of the entire principal in one balloon payment upon CEDC's sale of the property to Wang in 7.5 years. This arrangement, based upon extensive analysis of the project's financial structure, will both allow the project to occur and will permit recapture of the UDAG loan by the City to fund additional community development priorities in Boston's Chinese neighborhoods.

The City of Boston strongly supports this neighborhood industrial project for UDAG funding because of the important public purposes it achieves. The Boylston Building project will create approximately 330 high technology manufacturing and retail jobs in Boston's inner-city Chinatown neighborhood suffering from chronic un- and underemployment, will bring Wang Laboratories, a major and growing high technology firm, into Boston, and will create minority business opportunities for Chinese merchants.

Should the UDAG not be awarded this quarter, this project will not occur and this unique opportunity will be lost. The developer, CEDC, will be unable any longer to pay the debt service on the short-term purchase loan on this building and will be forced to sell the property.

Exhibit IIB6-5

York Realty, Inc.

Realtors

COMMERCIAL
INDUSTRIAL
MORTGAGES
MANAGEMENT

210 LINCOLN STREET. BOSTON. MASSACHUSETTS 02111
(617) 542-8656

December 22, 1980

Mr. Michael O'Bryon
Director of Business Development
CEDC
20 Hudson Street
Boston, Massachusetts 02111

Dear Mr. O'Bryon:

York Realty, Inc. is the owner and manager of approximately 450,000 square feet of rental space in the Greater Chinatown area of Boston, The market rental for light assembly space with equal services as outlined by you to be provided by CEDC to Wang Laboratories in the Boylston Building is approximately $7.00 per sq. ft. It is our understanding from your information to me that Wang will pay $12.00 per sq. ft. This we feel is considerably above the market rate.

This type of use is common to the area at which the building is located and we understand that the City of Boston is extremely interested in promoting uses in the high technology field.

Another possible use of the Boylston Building would be conversion to Class "A" office space which, of course, would be much more expensive renovation. Based on the same services provided above, your rental rate would be in the $16.00 area per sq. ft., but we do not believe that it would be cost effective at this time.

We trust that the above information is of use to you and any further information that I can help you with please get in touch with me.

Yours truly,

YORK REALTY, INC.

George Shapiro

II.B.7 PROJECT FINANCING

PROJECT BUDGET

ACQUISITION		$ 1,500,000
Purchase Price	$ 1,368,000	
Closing Costs	32,000	
Relocation	100,000	
REHABILITATION		$ 4,530,000
Demolition & Removal	$ 200,000	
Construction Improvements	3,100,000	
A & E; Construction Management	765,000	
Contingencies (11%)	465,000	
TENANT IMPROVEMENTS		$ 750,000
Wang Improvements & Equipment	$ 500,000	
Retail Tenant Improvements	250,000	
PROJECT TOTAL		$ 6,780,000

The total project cost to the developer, CEDC, is $6,030,000, of which $3,000,000 will be funded by private debt, and $3,030,000 will be funded by the public sector. The $750,000 in tenant improvements will be funded by the tenants. The funding of the $6,030,000 acquisition and construction costs will proceed as follows:

1. The $2,000,000 State Land Bank Loan will be utilized first, $1,500,000 of this amount as a permanent mortgage to pay out the temporary purchase loan of the same amount from the First National Bank of Boston. The remaining $500,000 will be utilized for the first stages of demolition, relocation and renovations. The $2,000,000 State Land Bank Loan will have a 25 year term, at 9% interest.

2. The First National Bank of Boston has committed a construction loan of $6,000,000 (to assure project completion) which will be used to continue work until the Action Grant and CSA funds become available to pay out the borrowed construction loan and continue the renovation. The construction loan will have a term of one year with interest payable at a rate floating ½% over the base note of the Bank.

3. UDAG funds in the amount of $2,030,000 for rehabilitation costs. The City will loan the $2,030,000 to the developer with the following terms:

   - 7.5 year term to coincide with the 7.5 year finance lease with Wang;

   - 2.5% interest to be paid to the BRA annually by CEDC; and

   - all principal to be repaid by CEDC to the BRA in one balloon at Year 7.5 upon sale of the property by CEDC to Wang, as specified in the finance lease.

4. A grant from the Community Services Administration in the amount of $1,000,000 for rehabilitation costs.

5. A $1,000,000 Industrial Revenue Bond from the First National Bank of Boston to complete the construction. The IRB will be set at a rate of 10% fixed for the first five years with a repayment term of 25 years. The IRB will be senior to all other permanent debt. These funds are available upon request upon award of the UDAG.

6. Wang Laboratories will sign a financing lease with CEDC on the following terms:

   (a) Lease occupancy will be 7.5 years for the entire building, with the rental payment to cover all debt service, real estate taxes, and operating expenses of the building. This is estimated to be approximately $11 per square foot for the first year of operation.

   (b) CEDC will sub-lease from Wang Laboratories the street level at $1.00 per square foot.

   (c) CEDC will sub-sub-lease the street floor as a Chinese retail arcade at below market rents ($7.00 per square foot) to the Chinese tenants.

   (d) Wang Laboratories will commit to purchase the building from CEDC for $4,000,000 plus the assumption of the unamortized portion of the loans (approximately $2,676,490) upon the 7.5 year mark.

   (e) The lease will be conditional upon the Action Grant.

II.B.7.a. Sources and Uses of Funds

See UDAG Form 1.

II.B.7.b. Estimated Leverage Ratio

See UDAG Form 2.

II.B.7.c. Evidence of Developer and Prime Tenant Commitments and Related Information

(1) Documentation

(i) The Chinese Economic Development Council has signed a letter of commitment agreeing to develop the Boylston Building, lease the facility to Wang Laboratories, and create a Chinese retail arcade on the street level consistent with the program proposed in the UDAG application. The agreement is contingent upon favorable action on this application by HUD. (See Exhibit IIB7-1)

(ii) Letter from Wang Laboratories to CEDC dated October 9, 1980 expressing interest in leasing the Boylston Building. (Exhibit IIB7-2)

(iii) Letter from Wang Laboratories to CEDC dated December 23, 1980 establishing the per square foot rental rate of $12.00. (Exhibit IIB7-3)

(iv) Certificate by Clerk of CEDC certifying Board vote to authorize CEDC to execute a Mortgage with the First National Bank of Boston for up to $1,500,000 and to borrow up to $1,500,000 to finance the acquisition of the Boylston Building. (Exhibit IIB7-4)

(v) Deed dated December 1, 1980 by Trustees of the Century Building Trust granting CEDC the property known as the Boylston Building for consideration paid of $1,338,250. (Exhibit IIB7-5)

(2) The financial statements of CEDC and of Wang Laboratories are attached as Exhibits IIB7-6 and IIB7-7.

(3) There are no loan applications outstanding.

(4) Recapture

As indicated above, the City, CEDC, and Wang have reached an agreement on the following terms of recapture of the $2,030,000 UDAG loan to the developer, CEDC:

- the UDAG loan @ 2½% interest will be interest only during the 7.5 year term of the loan, with CEDC to make interest payment annually to the BRA. The interest on the UDAG loan will be paid by Wang to CEDC as part of Wang's net net net finance lease obligations.
- upon sale of the property by CEDC to Wang in Year 7.5, CEDC will repay the entire loan principal to the BRA in one balloon payment.

Principal and interest repaid by CEDC under the UDAG loan will be made to the BRA to be placed into a special fund to be targetted exclusively for community development projects within the City's Chinese neighborhoods. The specific geographic boundaries for this fund will be established jointly by the City and the Chinese Economic Development Council.

Projects will be selected by the BRA only after consultation with CEDC and other neighborhood organizations oriented to community development matters, including business associations, community development corporations, and citizen groups. Projects eligible for assistance will include all activities eligible under Community Development Block Grant or UDAG regulations, and will be selected on the basis of sound planning and community need.

The City will formally establish the framework and specific targetted area for this special fund as part of the UDAG loan agreement with CEDC.

II.B.7.d. Evidence of Commitments from Private Lenders

A letter from the First National Bank of Boston to CEDC dated April 1, 1981, with a commitment to grant a first mortgage construction loan in the maximum amount of $6,000,000 and a commitment to purchase $1,000,000 Industrial Revenue Bond is attached. (Exhibit IIB7-8)

II.B.7.e. Other Public Financial Commitment

(1) Funding Information

See UDAG, Form 3.

(2) Debt Securities

(i) Letter from the BRA to the Boston I.D.F.A. dated November 6, 1980, announcing the establishment of the Theatre District/Chinatown CARD district. (Exhibit IIB7-9)

(ii) Resolution of the Boston Industrial Development Financing Authority (BIDFA) requesting the Massachusetts Industrial Finance Agency (MIFA) to assume the role of BIDFA in financing the project. (Exhibit IIB7-10)

(iii) Resolution by the Massachusetts Industrial Finance Agency (MIFA) authorizing the issuance of $1,000,000 in IRBs for the Boylston Building project. (Exhibit IIB7-11)

(3) Evidence of Commitments

(i) Letter from Massachusetts State Land Bank to CEDC dated November 7, 1980, informing CEDC that the Land Bank had granted preliminary approval of the project. (Exhibit IIB7-12)

(ii) Letter from Massachusetts State Land Bank to CEDC dated March 9, 1981, providing further clarification of the Land Bank's $2,000,000 commitment to the project. (Exhibit IIB7-12)

(iii) Letter from Massachusetts State Land Bank to CEDC dated April 22, 1981, providing more clarification of the loan terms and extending the Land Bank's commitment.

(iv) Letter from the Community Services Administration to CEDC dated December 31, 1980, expressing its willingness to commit up to $1,000,000 for the project. (Exhibit IIB7-5)

II.B.7.f. Additional Funds

The BRA has conducted a thorough investigation of potential public and private funding sources and has determined that there are no alternatives to the UDAG. Should the Action Grant fail to be approved, the City would be unable to replace this funding source. This is due not only to the size of the Action Grant request but also to the flexible and timely manner by which it can be injected into the project. This project had originally been applied

for as a U.S. Economic Development Administration Title I grant project. However, with the proposed Administration rescissions for FY81 and impending demise of EDA in FY82, this option has become unviable. Without the UDAG, CEDC will not be able to undertake the project and this unique opportunity for Wang Laboratories to expand into Boston will be lost.

UDAG FORM 1* (Part 1)

SOURCES AND USES OF FUNDS FOR PROJECT

Instructions: For projects which consist of only one transactions, complete this page only. For projects with multiple transactions, complete this page as a summary and a copy of part 2 for each transaction.

PROJECT BUDGET -- SUMMARY OF PROPOSED EXPENDITURES

Line Item Activity	SOURCES OF FUNDS			
	UDAG Funds	Private Funds	Other Funds (Specify)	Total
a. Land Acquisition		1,400,000		1,400,000
b. Relocation of Persons and Businesses		100,000		100,000
c. Clearance and Demolition		200,000		200,000
d. Streets & Site Improvements				
e. Water and Sewer Facilities				
f. Foundations and Platforms				
g. Parking Facilities				
h. Pedestrian Malls				
i. Capital Equipment				
j. Professional Fees		765,000		765,000
k. Real Estate Taxes, Construction Period Interest, Organization Costs, etc.				
l. construction/project improvements	2,030,000	100,000	1,000,000*	3,130,000
m. tenant improvements and equipment		750,000		750,000
n. Administration	10,000			10,000
o. Cost Subtotal (Sum of lines a.-n.)	2,040,000	3,315,000	1,000,000	6,355,000
p. Contingencies		465,000		465,000
q. Totals by Source (Sum of lines o. + p.)	2,040,000	3,780,000	1,000,000	6,820,000
r. Program Income from Land Disposition	( )			( )
s. TOTAL PROJECT COSTS (Sum of lines q. + r.)	2,040,000	3,780,000	1,000,000	6,820,000

*This form constitutes the response t .B.7.a.

* CSA/OED Venture Grant

Page 1 of

UDAG FORM 1 (Part 2)

SOURCES AND USES OF FUNDS BY TRANSACTION

Instructions: Complete one page for each transaction.

Transaction Number: ____________________
Transaction Name: ____________________

	SOURCES OF FUNDS				
		Private Funds			
Line Item Activity	UDAG Funds	Developer Equity	Private Lender	Other Funds (Specify)	Total Costs
a. Land Acquisition					
b. Relocation of Persons and Businesses					
c. Clearance and Demolition					
d. Streets & Site Improvements					
e. Water and Sewer Facilities					
f. Foundations and Platforms					
g. Parking Facilities					
h. Primary Facility: ____________________					
Capital Equipment					
j. Professional Fees					
Real Estate Taxes, Construction Period Interest, Organization Costs, etc.					
Administration		▨	▨		
Cost Subtotal (Sum of lines a.-n.)					
p. Contingencies					
q. Totals by Source (Sum of lines o. + p.)					
r. Program Income from Land Disposition	( )	▨	▨	( )	( )
Total Transaction Costs s. (Sum of lines q. + r.)					

Calculation of Leverage Ratio (Attachment to UDAG Form 2)

The City of Boston used a finance lease approach as discussed with HUD-UDAG staff in calculating the private investment in this project. The private investment has five components:

(1) The present value (at 12%) of the stream of annual payments under the net net net financing lease (principal, interest, property taxes, and operating expenses).

(2) The present value of the interest on the UDAG loan.

(3) The present value of the $4,000,000 which Wang Laboratories will pay to purchase CEDC's equity in the building in year 7.5.

(4) The present value of the $2,676,490 in IRB and State Land Bank debt assumed by Wang Laboratories upon purchase in year 7.5.

(5) Tenant improvement and equipment.

Financing Lease	$4,687,500
Interest on UDAG Loan	239,000
Wang's payment to CEDC at sale	1,636,500
Debt assumed by Wang at sale	1,095,000
Tenant Improvements and Equipment	750,000
Total Private Investment Leveraged	$8,408,000

$$\frac{\text{Private Investment}}{\text{UDAG Award}} = \frac{\$8,408,000}{\$2,040,000} = \frac{4.1}{1} \quad \text{Leverage Ratio}$$

Exhibit IIB7-1

Mr. Robert J. Ryan
Director
Boston Redevelopment Authority
City Hall
1 City Hall Square
Boston, MA 02201

Dear Mr. Ryan:

The Chinese Economic Development Council, Inc. is presently the owner of the Boylston Building located at the corner of Boylston and Washington Streets. The CEDC, is prepared to totally renovate said building to be occupied on floors 2-6 by Wang Laboratories, Inc., if an Urban Development Action Grant application submitted by the City of Boston to the U.S. Department of Housing and Urban Development is approved this quarter. CEDC is prepared to undertake the following programs;

a) the complete rehabilitation of the Boylston Building,

b) Entering into a lease with Wang Laboratories, Inc. for said building in which Wang will create an assembly operation creating approximately 275 new jobs with training at higher income and skill levels than presently available in the community. The entire program is described in detail in the UDAG application.

Additionally, CEDC will create a retail Chinese arcade on the street level of retail businesses to complement present and future development of the area and which should create an additional 50 new jobs.

CEDC has received a commitment for construction financing from the First National Bank of Boston and long term debt from the following sources:

1) Massachusetts Land Bank $2,000,000 at 9.6% interest 25 year amortization

2) Industrial Revenue Bond of $1,000,000 from the First National Bank of Boston at a rate of 10% fixed for the first five (5) years with a repayment term of 25 years.

With $3,000,000 in grant funds CEDC then has the financial capacity to undertake this project. The Community Services Administration/ Office of Economic Development has committed a $1,000,000 Venture Grant to CEDC for this project.

The CEDC agrees to the goals and principals of the City's First Source Agreement and the Mayor's Executive orders of September 11, 1979 regarding construction employment and minority business utilization.

The UDAG assisted program will commence upon the notification of the preliminary UDAG award and total construction and occupancy by the proposed tenants should occur within 8-9 months of the start.

The occupancy by Wang Laboratories, Inc. in the Boylston Building is the first physical facility to be created by them in the City of Boston. The rental rate they will be paying to CEDC is above market which indicates their commitment to the Chinese community. In order for this project to reach completion and for CEDC to obtain the debt funds the lenders have placed a contingency that grants funds in the amount of $3,000,000 be received by CEDC as the building can support no further debt Without such the project is financially unfeasible.

Additionally, CEDC as a non profit community development corporation can not continue to own and operate the building with its present uses. It is essential for this project to move forward that the UDAG be awarded this quarter Renovations must commence as soon as possible.

On behalf of CEDC, Inc., I am willing to enter into a legally binding commitment with the U.S. Department of Housing and Urban Development upon award of the action grant to undertake the project, with approval of the CEDC Board of Directors. But with and only with the injection of $2,030,000 in UDAG funds is this project feasible as structured.

It would be disasterous for not only the Chinatown community but the City of Boston as a whole if this project were not to go forward.

Sincerely yours,

George S. Pan
Chairman of the Board
CEDC, Inc.

GSP:seg

Exhibit IIB7-2

WANG LABORATORIES, INC.

October 9, 1980

Chinese Economic Development Council
20 Hudson Street
Boston, Massachusetts 02111

Gentlemen:

This letter will evidence the interest of Wang Laboratories, Inc. in leasing a portion of the first floor and all of floors 2 through 5 of the Boylston Building, 2 Boylston Street, Boston, Massachusetts, for use by Wang Laboratories, Inc. for manufacturing purposes. Wang would be interested in a five-year lease with 4 five-year extension options. We understand that the second through fifth floors each contain about 12,750 square feet of net rentable floor area for an aggregate net rentable area of 63,750 square feet and that Wang will have exclusive use of the alley adjoining the building, the passenger elevator and the two freight elevators and loading docks in the building.

We would expect that the following matters would be taken care of to our satisfaction before we would be obligated to proceed:

a. the premises are zoned to permit the use of the premises for Wang's intended purposes;

b. you acquire and renovate the building and complete the space to be leased to Wang to our satisfaction at your expense;

c. the terms and conditions of the lease would be acceptable to Wang and generally consistent with the financial presentation which you made to Wang;

d. Wang would receive assurances from the City of Boston of the continuing obligations of the City to maintain the general area of the building and its surroundings in a safe and clean condition, to encourage development of the surrounding area in a first class manner and to maintain real estate taxes (or C.121A excises) at a level acceptable to Wang both during the lease term and after the exercise by Wang of any applicable purchase option;

ONE INDUSTRIAL AVENUE, LOWELL, MASSACI I • TEL. (617) 459-5000 • TWX 710-343-6769 • TELEX 94-7421

October 9, 1980
Chinese Economic Development
Council

e. review and approval by Wang of the project budget and construction in order to ensure that costs, and consequently rents, are minimized;

f. arrangements satisfactory to Wang are made for purchase options from time to time at a price which would recognize the risk and additional expense to Wang inherent in this venture while also recognizing your pivotal role in the transaction, namely a price for your equity (net of the mortgage indebtedness which Wang would pay off or assume) equal to $2.75 million (or $1.25 million plus 50% of grants, whichever is lower) plus 10% per year, compounded annually from the date of purchase to the date of exercise, which latter date shall be not later than seven years following purchase;

g. arrangements satisfactory to Wang are made for securing the exits and entrance of the alley adjoining the building, raising the grade of the alley to permit vehicle access over its full width, reserving only fire escape access for the adjoining owner;

h. arrangements satisfactory to Wang for approval by Wang of tenants to ensure compatibility with Wang's use, safety and economical operation of the space and for expansion rights into first floor and basement space not leased to Wang.

We look forward to working with you on this important matter.

Very truly yours,

Wang Laboratories, Inc.

By:

W-0957F/100

Exhibit IIB7-3

WANG LABORATORIES, INC.

EDWARD D. GRAYSON
VICE PRESIDENT AND GENERAL COUNSEL

December 23, 1980

Mr. Michael OBryon
Director of Business Development
Chinese Economic Development Council, Inc.
20 Hudson Street
Boston, MA 02111

Dear Mr. OBryon:

To confirm and elaborate our letter of October 9, 1980, regarding the "Boylston Building" occupancy by Wang Laboratories, Inc., it is our full understanding that based upon the financial information and projections contained in the proposal, the rental rate to us will be $12.00 per square foot.

This is agreeable to Wang, in conformity with the provisions of our October 9, 1980 letter.

Sincerely,

Edward D. Grayson
Vice President

EDG:jp

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Exhibit IIB7-4

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC.

Certificate of Clerk

December 1, 1980

The undersigned, James Wong, hereby certifies that he is the duly elected Clerk of the Chinese Economic Development Council, Inc. ("CEDC"), that the following votes were duly adopted at a Special Meeting of the Board of Directors of CEDC held on November 24, 1980, and that said votes remain in full force and effect:

(1) VOTED: That George S. Pan, Chairman, Stanley Chin, Treasurer, James Wong, Clerk, Yu Sing Jung, Director and William J. Leong, Executive Director, be, and they hereby are, and each of them acting alone hereby is, authorized for and on behalf of this Corporation and in its name, to execute, acknowledge, seal and deliver to The First National Bank of Boston ("Bank") the Mortgage relating to the real property (the "Property") located in Boston, Massachusetts (known and numbered as 651-657 Washington Street and 2-22 Boylston Street), securing up to $1,500,000 in borrowings from the Bank, one or more promissory notes in a total amount not to exceed $1,500,000, and such other assignments and agreements as may be requested by the Bank, such Mortgage, promissory notes, assignments and agreements to contain such terms and conditions as the above-named officers, or any of them, executing such Mortgage, promissory notes, assignments and agreements on behalf of the Corporation may deem necessary or desirable; and that any such officer's execution shall be conclusive evidence that the same are the documents authorized by this Vote.

(2) VOTED: To authorize this Corporation to borrow up to $1,500,000 from time to time under the Mortgage approved in the immediately preceding Vote to finance in part the cost of the acquisition of the Property, at such interest rate or rates as such officer acting on behalf of the Corporation shall approve.

(3) VOTED: That the officers of this Corporation be, and they hereby are, and each of them hereby is, authorized, for and on behalf of this Corporation and in its name, to execute, acknowledge, seal and deliver all such financing statements, promissory notes, agreements, instruments and other

documents, and to take all such other actions, as deem necessary or appropriate in connection with the transactions contemplated by the preceding Votes; and that the execution and delivery of any such financing statement, agreement, instrument or other document by any such officer or the taking of any other such action by any such officer shall be conclusive evidence that the same are the documents authorized by this Vote.

(4) VOTED: That George S. Pan, Chairman, Stanley Chin, Treasurer, Yu Sing Jung, Director and William J. Leong, Executive Director, acting alone or jointly, be, and they hereby are, and each of them hereby is, authorized to sign, seal with the Corporate seal, acknowledge, and deliver such additional documents as any of said officers deems necessary or appropriate for the purchase of the premises known as 651 to 657 Washington Street and 2 to 22 Boylston Street, Boston, for the adjusted purchase price of One Million Three Hundre Thirty Eight Thousand Two Hundred Fifty Dollars ($1,338,250), plus closing adjustments, such documents to be in such form and to contain such terms and conditions as the officer or officers executing the same shall determine; and that the execution and delivery of any such document as aforesaid shall be, and be deemed to be, conclusive evidence that the same is authorized by this Vote.

IN WITNESS WHEREOF, the undersigned sets his hand and seal this first day of December, 1980.

James Wong

James Wong, Clerk

Exhibit IIB7-5

DEED

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, DAVID GOPEN, SARA GOPEN and DAVID PRESSON, as Trustees of the Century Building Trust under Declaration of Trust dated February 26, 1954 and recorded with Suffolk Deeds, Book 6939, Page 187, for consideration paid, and in full consideration of One Million Three Hundred Thirty-Eight Thousand Two Hundred and Fifty ($1,338,250.00) Dollars grant to Chinese Economic Development Council, Inc., a Massachusetts corporation whose address is 20 Hudson Street, Boston, Massachusetts,

with QUITCLAIM COVENANTS

> the land and buildings known as and numbered 651 to 657 Washington Street, and 2 to 22 Boylston Street, Boston, Suffolk County, Massachusetts, as more particularly described in Exhibit "A", attached hereto and made a part hereof.

This conveyance is made subject to and with the benefit of all easements, restrictions, and rights of way, if any, of record to the extent the same are in force and applicable, and current real estate taxes and existing leases.

Executed as a sealed instrument, THIS 1st DAY OF DECEMBER. 1980

David Gopen
DAVID GOPEN
As Trustee and not individually

Sara Gopen
SARA GOPEN
As Trustee and not individually

David Presson
DAVID PRESSON
As Trustee and not individually

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS December 1 ,1980

Then personally appeared the above-named David Gopen and acknowledged the foregoing instrument to be his free act and deed, before me.

Morton B. Brown
Notary Public
My commission expires:

EXHIBIT "A"

That certain parcel of land in Boston, Suffolk County, Massachusetts, together with the buildings thereon, now numbered 651-657 Washington Street and 2-22 Boylston Street, and bounded

EASTERLY	by Washington Street, eighty-two and 31/100 (82.31) feet;
NORTHERLY	by Boylston Street, by two lines measuring one hundred eighty-four and 29/100 (184.29) feet, and four and 22/100 (4.22) feet;
WESTERLY	by the Easterly line of Boylston Square by two lines measuring twenty-eight and 8/100 (28.08)feet, and fifty-four and 68/100 (54.68) feet; and
SOUTHERLY	by the Northerly line of said Boylston Square, one hundred eighty-two and 30/100 (182.30) feet.

Containing 15,390 square feet.

Be all of said measurements or contents, more or less, or however otherwise bounded, measured or described, and being shown on a plan by Everett M. Brooks,Co., Civil Engineer, dated July 22, 1949, recorded with Suffolk Deeds in Book 6536, Page 280.

Being the same premises conveyed to S. Philip Gopen, David Gopen, Oscar Cohen and David Presson, Trustees of the Century Building Trust, by deed of Ina Axelrod, recorded with Suffolk Deeds, Book 6939, Page 185; and the above-described premises are conveyed together with and subject to the benefit of the easements and agreements of record insofar as the same are now in force and applicable as described or referred to in said Deeds.

Exhibit IIB7-6

Chinese Economic Development Council

Annual Report

1979

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Annual Report

1979

Chinese Economic Development Council
20 Hudson Street Boston, Massachusetts 02111

Introduction

Since its establishment in 1974 the Chinese Economic Development Council (CEDC) has been working to improve the socio-economic conditions of Greater Boston's Chinese-American community, and to preserve, share and enhance its cultural heritage.

Although CEDC's principal clients are Chinatown residents and small business owners, the agency's concern and program initiatives also extend to the larger Chinese-American community in metropolitan Boston.

CEDC's comprehensive development program works toward the revitalization of Chinatown and thereby contributes to the betterment of the Chinese-American community.

CEDC programs are carried out by its three divisions: Housing and Land Development, Business Development and Community Development.

The **Housing and Land Development Division** identifies, evaluates and develops real estate investment opportunities to benefit Chinatown residents, particularly in the area of housing.

The **Business Development Division** identifies industrial and commercial investment opportunities that will return income to CEDC's special impact area, create jobs for its residents, and provide ownership opportunities for local entrepreneurs.

The **Community Development Division** coordinates community, government, and business resources to meet the objectives of CEDC's community development programs: a Newcomers Services Center, a Manpower Development Program (including a Chef Training Program), a Language Laboratory, and a Center for Chinese Arts and Culture.

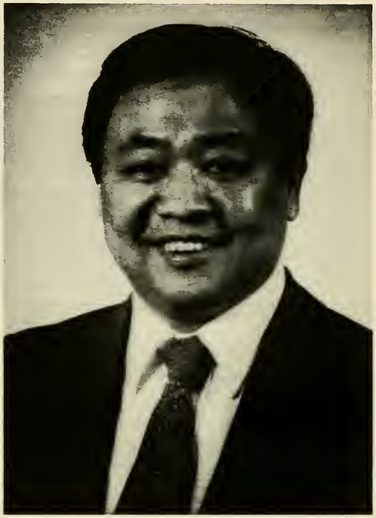
This report summarizes CEDC's real estate, business and community development activities from January 1, 1979 through December 31, 1979, and the agency's financial activities from January 1 through September 30, 1979 — our funding period.

Chairman's Message

During the past five years I have enjoyed my close association with CEDC as a member of its Steering Committee and its Board of Directors. As Chairman of the Board, I am very proud of the dedicated professionals who comprise our Board and staff. I wish also to thank the members of our advisory committees for their enthusiastic support and encouragement.

CEDC is still a young organization. During the past two months, the CEDC Board made great strides in working with the staff to strengthen the organization. As a result, I am even more optimistic about the future of CEDC and am greatly encouraged by the commitment of the Board and the community on behalf of CEDC.

Our goal is very clear: (1) community unity, (2) the physical development of Chinatown, and (3) the development of business in Chinatown. As the first Asian community development corporation funded by the U.S. Office of Economic Development, we are committed to succeed, and thereby be an inspiration to all Asian/Pacific Americans in this country. In hopes of achieving this aim, I look forward to working both with CEDC and with other groups in the community during the coming year.



George S. Pan, Chairman
CEDC Board of Directors

Executive Director's Report

CEDC is now in the second year of its transitional grant period and is on its way to becoming an operational grantee of the U.S. Office of Economic Development. CEDC has accomplished much during the past year and I am confident that we will obtain our operational status this October.

As with any new organization, CEDC has had its growing pains as we worked to implement our various programs. However, there is much to be proud of during the past year.

The business development division is now awaiting funding for several ventures approved by the Board of Directors. If funded, these ventures would create over 50 jobs for residents of CEDC's Special Impact Area. Many months of work went into developing these proposals. Additionally, the division has established working relationships with various sectors of greater Boston's private industry.

During the past year, CEDC's advisory investment board has advised us of numerous manpower development and investment opportunities. These are currently under investigation.

The real estate activities of CEDC continue to excel. During the last year, CEDC not only completed renovation of the second floor of its 31 Beach Street facility, but developed three pending proposals to create 48 units of housing, over 100 thousand square feet of commercial office space, and a 100-bed nursing home — all for the benefit of our community residents. Also, during the past year, CEDC became actively involved in the major development activities affecting Chinatown. Our discussions with Lafayette Place, Teradyne, Tufts and other private developers of projects within the Chinatown area promise to yield opportunities for this community.

The community development program reached its intended goal of establishing five programs, as well as the chef's training school, all providing varied and needed services to the Chinese residents of the area. Deserving special notice is the cultural center which is receiving much acclaim and is expanding to broader and more exciting projects.

As we look to the future, CEDC faces the difficult tasks of eliminating the Combat Zone and identifying and establishing viable business. This cannot be done by CEDC alone. The CEDC Board of Directors and its various committees, the Advisory Investment Board, and the staff recognize that Chinatown must have a unified voice in order to fully utilize the resources channeled into the community through CEDC. To this end, CEDC intends to concentrate on economic development, and complement these activities with its newly-established manpower program. With this added focus, CEDC looks forward to becoming an even more effective vehicle for the preservation, growth and enhancement of the Chinese community.

William J. Leong, Executive Director

Highlights in CEDC History

June 1975 - June 1976

- CEDC received its first grant — $75,000 — from the U.S. Department of Commerce. Local sources of help were:

  —A grant from the Boston Comprehensive Employment Training Act (CETA) program

  —Office space and facilities from the Chinese Merchants Association

  —Computer time and office furniture from the neighboring Tufts-New England Medical Center

June - September 1976

- CEDC received grants from the Department of Commerce, Action for Boston Community Development, and the City of Boston's CETA program, allowing it to enter the community development planning stage.
- In December, CEDC assisted a Chinese entrepreneur in the establishment of Advanced Electronics, Inc. (AEI), a new electronics firm in its special impact area. By 1979 AEI had trained and employed over 150 of Chinatown's low-income residents.

1977

- The Community Services Administration (CSA) made two grants to CEDC: one for community development/support services and a six-month planning grant. In return, the CEDC prepared a report for CSA that presented an economic development perspective on the delivery of social service.
- In October, the CEDC obtained community development corporation status under Title VII legislation, and was funded by the Office of Economic Development (OED) of the Community Services Administration for a six-month planning grant. CEDC was one of six planning grantees awarded during that year and joined 31 other community development corporation (CDCs) throughout the United States. CEDC is the only Asian CDC in the country funded as a CDC.

1978

- In February, the CEDC obtained a grant from CSA to develop five community development programs in the Community Development Division. This program provided development funds for the establishment of five community development programs.
- The CEDC received a grant from the Massachusetts Department of Occupational Education, through the Urban League of Massachusetts, for a chef's training program. The school, located in Chinatown's Tai Tung Village, offers underemployed residents the opportunity to become proficient chefs in Chinese cuisine.
- In June, the CEDC went from a planning stage to a transitional stage, making it eligible to receive CSA/OED venture capital on a competitive project-by-project basis.
- CEDC received $75,000 over a two-year period from the Boston's Community Development Block Grant program for the development of housing in Chinatown.
- In cooperation with the City of Boston, CEDC established a program to rehabilitate storefronts within Chinatown. The Lucky Dragon Restaurant was the first to renovate its storefront under this program, followed by the Imperial Tea House, Main Drug Store, and Brighams.

1979

- CEDC acquired 31 Beach Street, an 11-story building housing a branch of the Shawmut Bank on the street floor and light industrial firms on the upper floors. The second floor now houses CEDC's community development/division's offices.
- CEDC signed a purchase and sales agreement with the New England Telephone Company for the purchase of a building located on Oxford Street. CEDC plans to renovate this building for 48 units of housing.

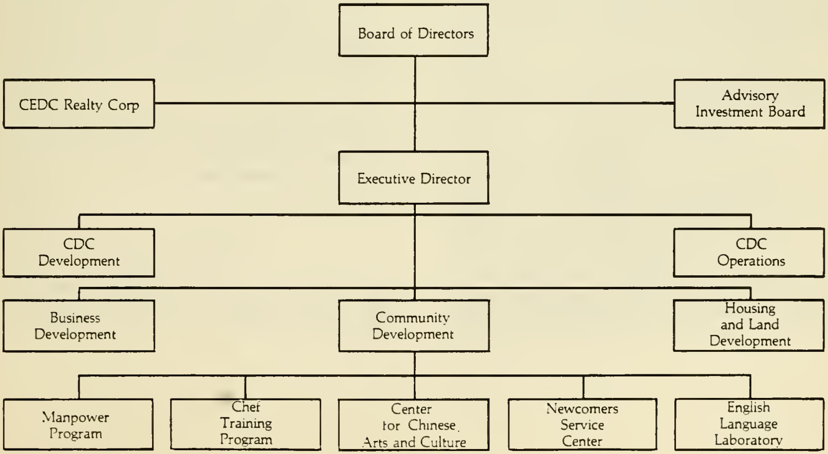
CEDC Highlights (con't)

- In the summer, CEDC obtained donations from five local banks to develop 12 colorful dragon motif banners to hang on Chinatown streetlamps, indicating the beginning of the area's revitalization.
- In the fall, CEDC's business development division held two seminars, one on trade with Asia; and a second, co-sponsored with the Massachusetts Law Reform Institute, on business development in distressed urban areas.
- CEDC, together with the Boston Police Department and Chinatown Little City Hall, held four anti-crime seminars for the community.
- The Advisory Investment Board, made up of experts from Boston's business and financial community, was formed to advise the agency on investment and employment opportunities, and to provide contact and communication with Chinatown's Boston neighbors.

1980

- The Community Center at 31 Beach Street officially opened in February, with its Newcomers Service Center, Youth Center, Language Laboratory and Center for Chinese Arts and Culture (CCAC).
- In March CEDC, together with the MIT Chinese Students Club and the Greater Boston Chinese Cultural Association, co-sponsored a Peking opera benefit for refugees from Southeast Asia. The proceeds, almost $4,000, went to the Ethnic Chinese Resettlement Program in Boston.
- In April CCAC's gallery had its first show—an exhibit of works by artists from the Association of Chinese Artists—a group formed through CCAC's efforts.
- CEDC's manpower development efforts are expanding.
- Efforts are underway to purchase the Boylston Building at the intersection of Boylston and Washington streets and utilize the office, retail, and commercial space for the benefit of Chinatown's residents.

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. ORGANIZATIONAL CHART



Housing and Land Development Division

This division moved forward on several real estate activities during this period.

CEDC Expansion

CEDC's expanded main offices now include the remodeled fourth floor of the Chinese Merchants Association building on Hudson Street. All administrative offices, and the Housing and Land Development, Business Development and Research and Planning divisions are now located in the new Hudson Street quarters.

31 Beach Street

On January 16, 1979 CEDC entered into a purchase and sales agreement with the owner of 31 Beach Street, A.W. Perry & Co., and on April 24, 1979 took ownership of the building.

Renovation of the second-floor began September 1979 by Construction by Classic, Inc., and was completed mid-October 1979. That area is now the CEDC Community Center.

Shawmut Bank of Boston provided a 20-year mortgage of $170,000 for the purchase of the building, at an annual interest rate of 10¾ percent.

The total cost of this project is $493,000, including $425,000 for land and building acquisition, $65,000 for interior renovation, and $3,000 for professional services.

In addition to the Center, the building houses the Shawmut Bank of Boston, which made $70,000 worth of improvements to its street-floor and basement offices. Light industrial firms presently occupy the upper floors.

The manager and leasing agent for the building is Carpenter and Company of Boston.

Oxford Street Housing Project

This project, in the heart of Boston's Chinatown, will provide subsidized housing for low- and moderate-income residents. Twenty units of housing will be located in the present four-story structure, and 28 new units will be added in four-and-one-half floors on top of the existing structure—a total of 48 housing units. The plan is for one-bedroom, two-bedroom and three-bedroom units, including duplexes, and units designed for the handicapped.

The project will receive rental assistance under the U.S. Department of Housing and Urban Development's Section 8 Housing Assistance Payments Program.

The site of this housing project is directly accessible to downtown retail and shopping districts. Public transit stations are within a five-minute walk, offering convenient access to outlying areas.

Boylston Building

To further expand Boston's Chinatown and provide employment opportunities for Chinatown residents, CEDC plans to renovate 100,000 square feet of office, commercial and rental space in the Boylston Building at the corner of Boylston and Washington streets.

CEDC signed a purchase and sales agreement for the building. In addition, CEDC is asking the Community Services Administration and the U.S. Office of Economic Development for financial assistance for the project.

CEDC believes increased commercial and business activities in the area will substantially limit the influences of the adjacent Combat Zone.

Nursing Home Proposal

CEDC and the South Cove Nursing Facilities Foundation, Inc. (SCNFF), are in the process of forming a partnership to co-venture the development of a 100-bed nursing home for the residents of Chinatown and the adjacent communities.

The project has a Certificate of Need from the Massachusetts Department of Public Health, and the Boston Redevelopment Authority has pre-designated the SCNFF as developer of the project.

Business Development Division

The Business Development Division's primary focus is the development of the business segment of its target community—Chinatown, South Cove and parts of the South End. The division's staff is identifying business investment opportunities in the area, particularly in the light industrial and manufacturing sector. This serves to lessen dependency on the saturated Chinese restaurant industry with its lack of upwardly mobile jobs.

Local entrepeneurs are a major driving force in the business development and job-generating activities that are so necessary for the community to grow and develop. The division aims to keep businesses — with community entrepreneurs, workers, managers, and investors — in Chinatown, and to have the income they generate recirculated within the area. During this report period CEDC's business staff was involved in several activities to encourage entrepreneurs to begin or expand their businesses in the target community. CEDC informed them of the technical assistance and financing available through the agency to support local business development projects. In addition, the staff assisted local entrepreneurs prepare business proposals for CEDC's investment consideration.

In addition several stores and restaurants in the area participated in the division's program for the physical restoration and renovation of storefronts in Chinatown.

Work also began on two investment opportunities that are now in final preparation stages prior to being submitted for funding to the U.S. Office of Economic Development (OED):

- Purchase of a medium-technology, labor-intensive company involved in energy recycling and pollution control.
- A start-up business for an automated food production company.

The division's good working relationships with a variety of professionals both in its target area and in greater Boston — bankers, business brokers, venture capitalists, leading local business people, lawyers, community leaders and educators — are providing information on possible CEDC investment opportunities.

The division is designing a systematic procedure to increase the efficiency with which it generates, analyzes and evaluates CEDC investment opportunities. A forthcoming brochure describes in detail what CEDC requires an entrepreneur to include in a business plan, the analyses that plan undergoes in CEDC's investment evaluation process, the drafting and negotiating of a financing agreement, and the proposal format required by OED, Washington, DC.

Community Development Division

The CEDC Chef Training Program graduated its first two classses of trainees — a total of 23 — as proficient chefs in Chinese cuisine. English as a second language was a well-integrated component of this program. In August 1979 the U.S. Department of Health, Education and Welfare's Office of Education awarded CEDC a grant of $278,000 to continue this training program.

Two additional programs became operational during this period. In April, the first curator for CEDC's Center for Chinese Arts and Culture was hired, and through her efforts an Association of Chinese Artists was formed. A major exhibit of the members' works and a Peking Chinese opera production have since been held — the latter to benefit Southeast Asia refugees.

In July 1979 a coordinator was hired for the Newcomers Service Center, to provide bilingual information, referral and emergency hotline services for the Chinese community. In September a case worker was added to the staff.

Comprehensive plans began for the start of the CEDC Language Laboratory, now completed. The facility, established primarily to provide students from CEDC ventures with training in basic English and employment-related language, is also open to the public. The Laboratory is located at the CEDC Community Center, which opened officially in February 1980 on the renovated second floor of 31 Beach Street.

Phases I and II of a proposed Group Health Insurance Plan are finished. Phase I involved a survey to pinpoint the specific health insurance needs of the Chinatown community. Phase II consisted of the planning, research and development of a group health insurance program tailored to the needs of Chinatown residents. Phase II will be a marketing campaign to promote the insurance plan and to sell policies to affected members of the Chinese community.

During this period the manpower development program identified existing manpower data and updated a labor market survey of the local business community.

Configuration and Structure of CEDC Board of Directors

Categories	Low Income Groups	Business & Finance Groups
Organizational Representatives	Non-Profit Community Organizations	Community-Owned Organizations
	1. Chinese Consolidated Benevolent Association Representative: Peter H.K. Wong 2. Chinese Merchants Association Representative: Dr. Stanley L.F. Chin 3. National Chinese Welfare Council Representative: Vacant 4. Greater Boston Chinese Cultural Association Representative: Dr. Chang-Seng Liang 5. Greater Boston YMCA, South Cove Branch Representative: Ronald Yee	1. Chinese American Financial Corporation Representative: Leo Tung 2. Chinese American Investment Corporation Representative: Howard Lee
Individual Representatives	Affairs Committees	Development Committees
	1. Educational Affairs Committee Chairperson: Chi-Chung Wang 2. Manpower Affairs Committee Chairperson: Jacquie Kay 3. Social Services Affairs Committee Chairperson: Vacant 4. Community Affairs Committee Chairperson: Shih Hing Lee 5. Health & Elder Affairs Committee Chairperson: Walter Lee 6. Cultural Affairs Committee Chairperson: David C.W. Chan 7. Youth Affairs Committee Chairperson: Robert Guen	1. Technology & Industrial Development Committee Chairperson: Yao Tzu Li 2. Housing & Land Development Committee Chairperson: Robert Wong Director: Yu Sing Jung 3. Information Systems Development Committee Chairperson: George S. Pan 4. Finance & Trade Development Committee Chairperson: Fred Lien 5. Commercial Development Committee Chairperson: James W.J. Wong 6. Legal & Accounting Development Committee Chairpersons: Sharyn T. Sooho Deborah Lau Kee
	Labor & Employment Representatives	
	1. Peter F.M. Eng 2. Henry T. Chin 3. Joe Chin 4. Donald T. Chen 5. Kim Tung Sit	

Board of Directors

David C.W. Chan, Ph.D.: Manager of the Data Base and Computer Center of the Northeast Solar Energy Center.

Donald T. Chen: Works in the restaurant industry, and taught English and Chinese before coming to the U.S.

Henry T. Chin: Retired merchant, has done extensive volunteer work in the Chinese community and is former president of the Chinese Consolidated Benevolent Association.

Joe Chin: Chairman of Tai Tung Village Tenants Association

Stanley L.F. Chin, M.D.: Treasurer of the CEDC Board. Practices medicine in Chinatown, is a director of the United Way of Massachusetts Bay and active in Chinese community activities.

Peter F.M. Eng: Works in the restaurant industry in the Boston area.

Robert Guen, D.M.D.: Practices dentistry in Brookline, is Vice Chairman of the South Cove YMCA and a director of the South Cove Community Health Center.

Yu Sing Jung, A.I.A.: Senior partner of Jung Brannen Associates, an architectural consulting firm, and designer/developer of Quincy Towers, a housing project for the elderly in Chinatown.

Jacquie L. Kay: Post-doctoral fellow at Harvard's Center for International Affairs, with extensive experience in Southeast Asia and in the field of employment development.

Deborah L. Kee, J.D.: Attorney for the Massachusetts Department of Public Works.

Howard Lee, Ph.D. J.D.: Director of Pricing and Planning at Honeywell Information Systems, and practices law.

Shih Hing Lee: Owner of a restaurant and bakery, president of the Lee Family Association and former president of the Chinese Consolidated Benevolent Association.

Walter Lee, M.D.: Physician on the staff of the New England Medical Center.

William J. Leong: Executive Director of CEDC. Former Grant Administrator of the Lincoln Filene Center at Tufts University and project director of a grant to increase health-care accessibility to the Chinese community of Boston.

Chang-Seng Liang, M.D.: President, Greater Boston Chinese Cultural Association.

Yao Tzu Li, Ph.D.: Founder and director of the MIT Innovation Center, and expert in the fields of aerospace and astrophysics technology and industrial development.

Fred Lien, Ph.D.: Chairman of the Liberty Bank and Trust Company and president of Financial Services, Inc.

George S. Pan: Chairman of the CEDC Board, founder and president of Systems Architects, Inc.; board member, National Congress for Community Economic Development, and National Training Institute for Community Economic Development.

Kim Tung Sit: Chinatown resident and works in the restaurant industry.

Sharyn T. Sooho, J.D.: Practices law in Newton, member of the American Bar Association and the Women's Entrepreneurs Club, Inc.

Leo Tung: Vice President, Chinese American Financial Corporation, and executive at IBM.

Chi-Chung Wang: Nuclear engineer at Thermoelectron Corporation and teacher at Chinese language schools in Newton and Lexington.

Peter H. K. Wong: President of the Chinese Consolidated Benevolent Association and of the Chinese Merchants Association, and proprietor of a bookstore in Chinatown.

James W.J. Wong: Clerk of the CEDC Board, Assistant vice president, Shawmut Bank of Boston; serves on the board of the South Cove YMCA and the United Way of Massachusetts Bay.

Robert Wong: Extensive experience in real estate and active in Chinatown activities for over 30 years.

Ronald Yee: Director, South Cove Branch of the YMCA.

Financial Statements

for the Nine Months Ended September 30, 1979

Deloitte
Haskins Sells

February 11, 1980

Board of Directors
Chinese Economic Development
Council, Inc.
20 Hudson Street
Boston, Massachusetts 02111

Dear Sirs:

We have examined the balance sheet of the Chinese Economic Development Council, Inc. as of September 30, 1979 and the related statement of revenues, expenditures, and changes in fund balances for the nine months then ended and the supplemental schedule of accumulated fixed asset expenditures as of September 30, 1979. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the Chinese Economic Development Council, Inc. at September 30, 1979 and the results of its operations and changes in its fund balances for the nine months then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying supplemental schedule, when considered in relation to the basic financial statements, presents fairly in all material respect the information shown therein.

Yours truly,

Deloitte Haskins + Sells

Balance Sheet, September 30, 1979

	Office of Economic Development Grant	Cooking School Grants and Contracts (Note 3)	Other Funds	Total
Assets:				
Cash	$ 84,823	$ 7,525	$17,043	$109,391
Contract receivable		6,384		6,384
Prepaid expenses	2,026	823		2,849
Inter-grant accounts	3,949	(3,000)	(949)	
Investments (Note 4)	272,326			272,326
Total Assets	$363,124	$11,732	$16,094	$390,950
Liabilities and Fund Balances:				
Accounts payable	$ 6,527	$ 1,119	$ 583	$ 8,229
Accrued and other liabilities	6,473		1,286	7,759
Total liabilities	13,000	1,119	1,869	15,988
Fund balances	350,124	10,613	14,225	374,962
Total Liabilities and Fund Balances	$363,124	$11,732	$16,094	$390,950

See notes to financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances for the Nine Months Ended September 30, 1979

	Office of Economic Development Grant	Cooking School Grants and Contracts (Note 3)	Other Funds	Total
Revenues:				
Grant revenues (Note 2)	$741,039	$97,641		$838,680
In-kind contributions (Note 5)	51,785			51,785
Other revenue (Note 2)	2,946	555	$ 3,722	7,223
Total revenues	795,770	98,196	3,722	897,688
Expenditures:				
Payroll:				
In-kind	7,037			7,037
Other	241,931	43,499	833	286,263
Fringe benefits	19,309	526	2,064	21,899
Consultants:				
In-kind	5,000			5,000
Other	37,038	500		37,538
Travel	12,988	1,144	5,427	19,559
Space costs:				
In-kind	28,400	5,102		33,502
Other	17,349			17,349
Lease and purchase:				
In-kind	10,870			10,870
Other (Note 1)	16,209			16,209
Consumables	7,534	11,440		18,974
Direct costs:				
In-kind	478			478
Other	47,795	8,012	877	56,684
Total expenditures	451,938	70,223	9,201	531,362
Excess (Deficiency) of revenues over expenditures	343,832	27,973	(5,479)	366,326
Equity in Net Loss of Subsidiary	(5,213)			(5,213)
Inter-Grant Transfers	(2,831)	(15,869)	18,700	
Fund Balances at January 1, 1979	14,336	(1,491)	1,004	13,849
Fund balances at September 30, 1979	$350,124	$10,613	$14,225	$374,962

Notes To Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

The Chinese Economic Development Council. Inc. (CEDC) presents its financial statements on the accrual basis. Grants and contracts for designate ure separately accounted for. Other contributions are considered to be available for unrestricte ; specifically restricted by the donor. Costs of office furnishings and equipment are consistentl expense when incurred because the Council does not deem such amounts to be sufficiently material in any one year to warrant capitalization and depreciation.

2. REVENUES

CEDC generally recognizes revenue from grants and contracts as expenditures are made to fulfill the designated purposes. The sources of revenue are drawings on open letters of credit in the case of most federal grants and billings to the contracting agencies in the case of contracts. CEDC has been awarded grants by the Office of Economic Development as follows:

	Title VII Basic	Supplemental
Grants awarded:		
1978	$610,000	
1979 (to September 30)		$492,539
Revenue recorded:		
1978	200,000	
1979 (to September 30)	410,000	331,039

Interest earned from Title VII funds is segregated in a separate escrow account which had a balance of $905 at September 30, 1979.

3. COOKING SCHOOL GRANTS AND CONTRACTS

The cooking school program which is administered by CEDC has received its funding from three sources. Summarized financial data by source is as follows:

	H.E.W. - Department of Bilingual Education Grant	Commonwealth of Massachusetts - Division of Occupational Education - Contract	The Urban League of Eastern Massachusetts Inc. - Contracts
At September 30, 1979:			
Assets:			
Cash	$ 4,785		$ 2,740
Contract receivable		$ 6,384	
Prepaid expenses	823		
Total assets	$ 5,608	$ 6,384	$ 2,740
Liabilities and fund balance:			
Due to other funds	$(3,384)	$ 6,384	
Accounts payable	1,119		
Fund balance	7,873		$ 2,740
Total liabilities and fund balance	$ 5,608	$ - 0 -	$ 2,740
For the nine months ended September 30, 1979:			
Revenues:			
Grant revenues	$29,012	$31,334	$37,295
Other		555	
Total revenues	29,012	31,889	37,295
Expenditures:			
Payroll	5,916	18,502	19,081
Fringe benefits	526		
Consultants		500	
Travel	1,144		
Space costs	1,179	3,923	
Consumables	5,073	6,367	
Direct costs	6,762	1,250	
Total expenditures	20,600	30,542	19,081
Excess of revenues over expenditures	8,412	1,347	18,214
Inter-grant transfers	(539)	144	(15,474)
Fund balance at January 1, 1979		(1,491)	
Fund balance at September 30, 1979	$ 7,873	$ - 0 -	$ 2,740

4. INVESTMENTS

CEDC owns 18,192 shares of Advanced Electronics, Inc. common stock, which were received by CEDC for services rendered in assisting that company in obtaining financing. As no market exists for these shares, they are carried on the books of CEDC at zero value.

During 1979, CEDC formed a wholly-owned subsidiary, CEDC Realty Corporation, to purchase a building in CEDC's special impact area. CEDC invested capital in the amount of $192,539 and, in addition, received from the subsidiary a 6% note, due in five years, for a loan of $85,000. CEDC records its investment in its wholly-owned subsidiary at equity. Summarized financial data of the subsidiary is as follows:

At September 30, 1979:

Assets:	
Cash	$ 4,760
Accounts receivable	4,163
Prepaid expenses	2,882
Building and building improvements - at cost, less accumulated depreciation of $7,431	438,418
Total assets	$450,223
Liabilities and shareholder's equity:	
Note payable to CEDC	$ 85,000
Mortgage payable	169,204
Accrued and other liabilities	8,693
Total liabilities	262,897
Capital shares	192,539
Retained earnings (deficit)	(5,213)
Total liabilities and shareholder's equity	$450,223

For the nine months ended September 30, 1979:

Revenues - rental income	$51,449
Expenses:	
Management fee	2,648
Payroll	2,131
Utilities, insurance, etc	7,121
Interest	10,221
Real estate taxes	25,291
Depreciation	7,431
Other costs	1,819
Total expenses	56,662
Net loss	$(5,213)

The mortgage payable to a bank has a term of 20 years and bears interest at 11%. The building has a 30-year useful life and depreciation is provided on a straight-line basis.

Donated Materials and Services (UC)

5. Donated materials, services, and office space are reflected as in-kind contributions in the accompanying statements at their estimated value at date of receipt.

Supplemental Schedule of Accumulated Fixed Asset Expenditures, September 30, 1979

ASSET EXPENDITURES - Office furnishings and equipment	$19,922
SOURCE - Acquired through general program expenditures under grants from the Office of Economic Development:	
Planning - 10/1/77 - 6/30/78	$ 2,275
Title VII - 7/1/78 - 12/31/78	12,590
Title VII - 1/1/79 - 9/30/79	5,057
TOTAL	$19,922

NOTE - The Council consistently charges costs of office furnishings and equipment to expense when incurred (generally to space costs) because it does not deem such amounts to be sufficiently material to warrant capitalization and depreciation. However, the Council has established (during 1978) detailed records in support of the accumulated fixed asset expenditures shown above.

Exhibit IIB7-7

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 1980 — Commission File No. 0-2915

Wang Laboratories, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts *(State or other jurisdiction of incorporation or organization)*	04-2192707 *(I.R.S. Employer Identification No.)*
One Industrial Avenue, Lowell, Massachusetts *(Address of principal executive offices)*	01851 *(Zip Code)*

Registrant's telephone number, including area code: (617) 459-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	*Name of each exchange on which registered*
Class B Common Stock, par value $.50 per share	The American Stock Exchange
Class C Common Stock, par value $.50 per share	The American Stock Exchange
6¾% Convertible Subordinated Debentures due 2004	The American Stock Exchange
8% Convertible Subordinated Debentures due 2005	The American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months, (or for such shorter period, that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Class B Common Stock outstanding as of June 30, 1980 — 21,396,157 shares

Class C Common Stock outstanding as of June 30, 1980 — 4,058,031 shares

Part I

Item 1. Business

Introduction

The Company designs, manufactures, markets and services computers and related peripheral devices which are combined into (a) information processing systems for use in business, technical and scientific applications, (b) word processing systems, and (c) integrated information systems which combine the capabilities of information processing, word processing and communications into one system.

Computer Systems

Information Processing Systems — The Company currently produces, sells, and services configurations of computers, identified as the System 2200 and the System VS, for technical and scientific, business, and distributed data processing applications.

The System 2200, initially delivered in May 1973, is normally purchased as an "unbundled" system in which computers are combined with peripheral devices and application software. These systems are primarily sold to commercial, scientific, and engineering end users.

In September 1976, the Company introduced the 2200VP Central Processor designed to process data at rates 6 to 8 times faster than the standard System 2200 Central Processor. In March 1977, the Company introduced its PCS II system at the low end of the System 2200 line. In December 1977, the Company made initial deliveries of the System 2200MVP which allowed up to 8 operators to simultaneously share common computer resources such as disk memory units and printers.

In October 1977, the Company introduced new higher priced systems, designated System VS, having multiple terminal, multiple language, and improved programming capabilities. These systems extend the product line upward and permit up to 23 workstations and 2.3 billion bytes of on-line disk storage (a byte is the amount of computer storage that would typically be used to store one character, such as an "A" or "1").

In June 1979, an additional central processor, the VS100 was introduced. This new central processor of the VS series further extends upward the Company's computer systems, supporting up to 128 workstations and expanded disk storage capacity to 4.6 billion bytes.

On April 18, 1980, the Company announced the PCS III, 2200SVP, and 2200LVP additions to its small business computer family. These new products, which range in price from $6,500 to $35,000 and incorporate new sealed fixed disk technology, are intended to strengthen the Company's small business offerings significantly. 2200LVP Systems are currently being delivered, and deliveries of PCS III and 2200SVP Systems are scheduled to commence in September 1980. On May 16, 1980, the Company introduced a lower priced, higher capacity VS system, designated the VS50. This new system, which brings the entry level price into the VS family down to $33,000, can accommodate up to 512 million bytes of memory and up to 32 workstations. Initial deliveries are expected to commence in the Fall of 1980.

Configurations of Wang Systems generally range in price from $6,500 to $800,000, depending upon the model, peripheral devices and software chosen by the customer. Modular central processor main memories can be expanded from 8,192 to 2 million bytes. Sixty-eight peripheral devices, such as printers, input keyboards, plotters, card readers, and disk and tape memory units, are offered by the Company as options to its computer systems.

In most cases, application software for a customer's computer system is developed by independent third party software vendors or the customer's own internal data processing staff. The Company works closely with these vendors and staffs to provide technical support and assistance. The Company offers utility and framework computer programs to aid the customer or its chosen software vendor in programming these systems. The 2200 systems are programmable in Wang "BASIC" language, and the Company believes that many of its customers choose such systems because of ease of programming. For its larger systems, the VS series, the availability of COBOL, RPG II, Fortran and PL1 as additional languages is believed to be a factor in customers choosing these systems.

The Company does not rely on plug compatibility of its systems with other computer systems on the market. Plug compatibility means the ability to attach directly to computers manufactured by others without an interface device. The Company's systems can, however, through standard industry devices, communicate with other computer systems.

Word Processing Systems — The Company made initial deliveries of its first word processing system in May 1972. In June 1976, the Company introduced its second generation word processing systems, the WPS10, 20, and 30. This generation has been expanded to consist of the WPS5, 10A, 20, 25, and 30 and the OIS (Office Information Systems) 125A, 130A, 140, and 145. Together these represent a fully expandable and integrated "family" of word processing systems ranging from single-operator, stand-alone workstations to configurations including central processors, 835 million characters of disk storage capable of supporting 32 peripheral devices including workstations, high speed draft printers, lower speed letter-quality printers, image printers, phototypesetters, and telecommunications options. The peripheral devices and options for the WPS and OIS systems are essentially the same units as are offered with the computer systems sold for business, technical and scientific applications. While the earlier word processors were based on a typewriter and were line-oriented, the WPS and OIS family are based on a cathode ray tube (CRT) workstation and are document-oriented. The operator sits at an electronic keyboard and "types" directly onto a CRT display. The information is then edited or corrected electronically by the operator, stored on magnetic disks, and printed. The WPS and OIS systems are much simpler for the operator to learn and provide substantially higher productivity than the automatic typewriter based systems. The WPS and OIS systems are designed as a modular product line which can be expanded to meet varying degrees of sophistication as the user's requirements demand.

On June 25, 1980, the Company introduced several new members to its OIS family of products. The new model OIS105 offers increased software performance and incorporates new sealed fixed disk technology at an entry level price of $19,600 for a standalone system with a workstation, a printer and a master (CPU). Initial customer deliveries are scheduled for late calendar 1980. Also introduced were the OIS 115-1 and 115-2. The 115-1 supports up to 8 peripheral devices and utilizes a 4.2 megabyte sealed disk. Entry level pricing for the system starts at $23,700. The OIS 115-2 offers additional disk storage capacity. Initial customer deliveries are expected in late calendar 1980.

Integrated Information Systems — On June 4, 1979 the Company introduced two Integrated Information Systems: a data processing based system which incorporates word processing capabilities on the VS central processors and a word processing based system which incorporates data processing capabilities on the Wang OIS word processing systems. These systems include peripheral devices currently available on the VS or OIS systems, and are currently being delivered.

Mailway Electronic Mail System — Originally introduced in June 1979 and enhanced in April, 1980, Mailway is an office automation software package which allows a user to initiate the distribution of documents to a number of recipients in remote locations having any Wang VS, OIS or WPS workstation. Initial customer deliveries of the software have commenced.

Marketing

The Company markets its products in the United States, principally through approximately 1,300 sales and sales support personnel based in offices located in 140 cities. Maintenance service for Company products is provided by the Company's customer engineering organization comprised of approximately 1,775 personnel located in the customer engineering headquarters in Massachusetts and in over 100 field service offices throughout the United States.

The Company's products are marketed and serviced in Australia, Austria, Belgium, Canada, China, France, Great Britain, Hong Kong, Japan, Netherlands, New Zealand, Panama, Singapore, Sweden, Switzerland, and West Germany through wholly owned foreign subsidiaries employing approximately 600 sales and sales support personnel and 725 service personnel. In addition, independent representatives and trade organizations market and service the Company's products in 62 other countries.

No material portion of the Company's business is dependent on a single customer. In fiscal 1980, approximately 7% of revenues were derived from federal, state, and local governments.

Computers and related peripheral devices directed toward information processing applications are primarily sold outright, and those directed toward word processing applications are sold outright and rented. Leasing of equipment to customers on a long-term full-payout basis is both financed internally and directed to independent, third party lessors. Approximately 6% of revenues in fiscal 1980 were derived from sales to third party lessors who generally

Marketing — *Continued*

lease the equipment to end users under three and five-year, full-payout leases. The Company has no repurchase obligations to third party lessors who have purchased its equipment.

The Company's rentals of word processing systems are typically for an initial term of 12 months and give the customer the option to purchase the equipment. Since May 1977, the Company has entered into agreements with third parties which provide non-recourse financing of word processing systems rented under short-term rental agreements. Approximately 7% of revenues in fiscal 1980 were derived from such agreements. See Note E to "Notes to Consolidated Financial Statements."

Geographic Information

Substantially all products are developed and manufactured in the United States. Marketing and service activities outside the United States are conducted principally through subsidiaries in Canada, Europe, Central America, Australia and Asia and, to a lesser extent, through various representative and distributorship arrangements. Transfer prices to foreign subsidiaries, combined with supplemental commission and expense reimbursement arrangements, are intended to produce profit margins commensurate with the sales and service effort associated with the products sold. Profit margins which the Company attributes to manufacturing and development activities are reflected in United States operations. Certain information on a geographic basis follows:

	(thousands of dollars) 1980	1979	1978
Revenue:			
United States			
Unaffiliated customers	$352,860	$205,623	$122,485
Interarea transfers	104,545	69,045	39,865
	457,405	274,668	162,350
Europe	129,101	80,368	55,214
Asia/Pacific	40,488	24,755	12,822
Americas	20,823	10,819	7,613
Eliminations	(104,545)	(69,045)	(39,865)
	$543,272	$321,565	$198,134
Earnings before income taxes:			
United States	$ 79,300	$ 52,616	$ 26,147
Europe	(625)	(3,095)	2,411
Asia/Pacific	1,937	2,091	543
Americas	2,235	596	704
Eliminations	(5,034)	(4,623)	(1,213)
	$ 77,813	$ 47,585	$ 28,592
Identifiable assets (excluding intercompany):			
United States	$453,409	$220,587	$115,508
Europe	93,242	66,035	44,597
Asia/Pacific	27,300	14,076	8,764
Americas	17,502	11,492	7,668
Eliminations	(13,000)	(7,966)	(3,343)
	$578,453	$304,224	$173,194
United States export sales to:			
Europe, Africa and Middle East	$ 10,014	$ 5,871	$ 3,354
Asia/Pacific	13,793	5,312	3,402
Americas	13,591	8,969	4,324
	$ 37,398	$ 20,152	$ 11,080

Interarea transfers from areas other than the United States are not material.

Geographic area information previously reported for 1979 and 1978 has been restated to include Canada and Central and South America in the area "Americas". Canada was previously included with the United States in the area "North America", and Central and South America were previously identified as "other".

Liabilities related to operations outside the United States amount to (in thousands): $55,643 in 1980, $29,088 in 1979, and $21,534 in 1978, excluding intercompany accounts.

Foreign currency gains (losses) amounted to (in thousands): $95 in 1980, ($33) in 1979, and ($92) in 1978.

The Company believes that it does not operate in foreign markets which have special risks beyond the normal business risks attendant to sales abroad, including currency fluctuations, price controls, and import and export restrictions.

Markets

The Company's business is positioned in technical and scientific problem solving, business systems, and distributed data processing, which the Company views as sub-markets of the Information Processing market of the computer industry, and in the Word Processing market. Systems 2200 and VS configurations are sold in the Information Processing market, and the WPS and OIS configurations are sold to Word Processing customers.

Information Processing

Technical and Scientific Problem Solving — The Company defines the Problem Solving market as the market for computers sold to perform the repetitive numerical calculations associated with research, engineering and statistical analysis within departments of large universities, the federal government, and technically oriented companies. Typical applications include various kinds of statistical and tabulation analysis, operations research, structural analysis, coordinate geometry, financial planning, and modeling. Much of the application software for this market is supplied by the Company. Prices of systems sold in this market range from $6,500 to $45,000.

Business Systems — The Company defines the Business Systems market as the market for computers sold to perform the record keeping and financial data processing requirements of smaller companies, government units and divisions of larger companies. Typical applications include foreign exchange currency transactions at major banks, order-entry and inventory management for distribution and manufacturing industries, project management for the construction industry, and accounting within life insurance agencies. Systems sold to this market segment range in price from $10,000 to $800,000.

Distributed Data Processing — The Company defines the Distributed Data Processing market as the market for intelligent terminals or computers coupled with telecommunication capabilities which enable them to perform local on-site jobs and then communicate results to another computer over telephone lines. Users of these multiple systems are large industrial companies and financial institutions as well as federal and state governments. Typical applications include consolidation of remotely gathered data, distributed payroll processing, and order entry processing. System prices in this market are $8,000 to $50,000. The Company provides a full line of industry-compatible telecommunications options for the entire System 2200 family.

Word Processing

The Company defines the Word Processing market as the market for computers sold to increase efficiency in text processing and repetitive typing. Typical word processing applications include client account reporting in public accounting firms, document preparation in law firms, and customer service applications in major retail chains. The Company has been in the word processing marketplace for eight years and currently offers both stand-alone and multiple workstation systems in the $9,900 to $300,000 price range.

Competition

Technical & Scientific Problem Solving — Major competitors in this segment of the industry include Hewlett-Packard Corp. (HP58), Digital Equipment Corp. (PDP8, PDP11, Classic Series), Tektronix, Inc. (4051 Series), Data General (Nova) and IBM (5100 desk-top computer). The Company believes that its traditional technological innovation, particularly with regard to the development of low cost scientific peripherals such as drum plotters, digitizers, and on-line interfaces, permits it to compete effectively in this market.

Business Systems — Major competitors in this segment of the industry include IBM (the 5110, the low end of the IBM System 3 and Systems 32 and 34), Burroughs Corp. (the L Series, the B80, the B700, and B800), Digital Equipment Corp. (DEC Data System), Data General, and Basic/Four Corp. At the higher end are also included larger IBM System 3 configurations, the low end of the IBM 370 line, the IBM E Series 4331 and 4341 and the IBM 8100, Digital Equipment Corp. (PDP 11/34-11/70 series), Data General's CS 20/40/60 series and Eclipse series, and Hewlett-Packard's 3000. The Company considers its major competitive strength in this market to be its emphasis on, and the variety of its products in this $6,500 to $800,000 price range, its extensive end-user sales and service organization, and the technical support it provides both end users and third party software vendor organizations.

Distributed Data Processing — Major competitors in this segment of the industry include Digital Equipment Corp., Datapoint Corp., Four Phase, IBM (Series 1), Data General, Olivetti, and Nixdorf. The Company's ability to compete in this market segment depends in large part on the strength of its worldwide service and sales organization and its continued capability to develop microprocessor-based, industry-compatible, communication devices.

Word Processing — Major competitors in this segment of the industry include IBM, Xerox Corp., Exxon (through its Vydec and Qyx subsidiaries), Lanier Corporation (a distributor of AES products), Digital Equipment Corp. (DEC) and Burroughs Corporation (Redactron). The Company's ability to compete in this market segment depends on the effectiveness of its support and sales organization and its continued ability to innovate by applying large scale computer technology to dedicated text-editing systems.

The markets the Company serves are very competitive and include some firms with substantially greater financial resources, much larger research and engineering staffs, and larger marketing organizations. Most of the firms listed above have substantially greater revenues and assets than the Company. The industry served by the Company is also characterized by rapid technological advances. The Company would be adversely affected if its competitors introduced technologically superior products or offered their products at prices significantly lower than the Company's products. The Company believes that the industry will continue to make significant technological advances and that competition is likely to increase.

Research and Development

The technology involved in the design and manufacture of the Company's products is complex and subject to constant change. Accordingly, the Company is committed to a program of research and development which is oriented primarily toward new hardware and software products as well as the improvement and refinement of existing products and their uses. In fiscal 1980, the Company spent approximately $36,655,000 for research and development, all of which was Company sponsored. This compares with $16,464,000 expended during fiscal 1979. These expenditures reflect direct labor costs and some allowances for material and overhead expenses. Approximately 800 engineers, systems analysts, and programmers are employed by the Company in research and development.

Licenses, Patents and Trademarks

The Company owns patents, registered trademarks, trade secrets, and proprietary information. The Company does not consider that its business is dependent on any patent or group of patents known to the Company. The Company is licensed under certain patents and proprietary information owned by others. The amounts payable under such licenses are not material. In the event that products manufactured by the Company may be covered in whole or in part by patents owned by others, the Company may find it desirable or necessary to obtain one or more additional licenses.

Backlog

At June 30, 1980, the Company's backlog was approximately $321,000,000, substantially all of which is deliverable before June 30, 1981. Comparable backlog at June 30, 1979, was $163,000,000. Lead time required to deliver the Company's products generally varies from 3 weeks to 6 months and in some cases is dependent on completion of related software. Backlog also includes unbilled revenues from rentals and maintenance contracts, to the extent that customers are committed thereto by contract. At June 30, 1980 and June 30, 1979, approximately $152,000,000 and $62,200,000, respectively, of the above backlog amounts related to equipment rentals and maintenance contracts. Delivery dates occasionally have been extended at the request of the customer, and historically a small percentage of orders have been cancelled.

Manufacturing

The Company's manufacturing operations are presently located in a 612,000 square foot facility in Tewksbury, Massachusetts, and a 209,000 square foot facility in Lowell, Massachusetts. In January 1979, the Company started manufacturing printed circuit boards in a leased 23,000 square foot facility in Juncos, Puerto Rico.

The Company is presently using its manufacturing facilities at substantially full capacity. Management believes that additional manufacturing output to meet increased shipping requirements through fiscal 1981 will be met with existing facilities and through the addition of 138,000 square feet of manufacturing space in Tewksbury scheduled to be available in the fall of 1980. The Company owns substantially all of the machines, tools, and equipment required for its operations. Wang's products are assembled by it from components and parts, with the exception of the mechanical portions of certain mass storage peripherals (such as magnetic disk drives) which it purchases preassembled. The components and mechanical subassemblies are purchased from a variety of outside vendors. Although the Company has experienced no difficulties in obtaining necessary components and subassemblies, it has increased the number of vendors it uses and has increased its inventories of certain components and subassemblies. Over the years, the Company has gradually broadened and is continuing to broaden the in-house design and manufacture of its own peripheral devices, such as printers, CRT work stations, plotters, and telecommunications devices.

The Company employs approximately 4,225 personnel in its manufacturing operations. An extensive quality control department is responsible for monitoring all phases of production. During fiscal 1979 and 1980, the number of mechanical components, printed circuit boards and sheet metal parts fabricated from in-house facilities has increased, resulting in improved availability and quality as well as savings in the cost of the finished products.

On December 3, 1979, the Company signed an agreement with the Republic of Ireland relating to the grant assistance by the Republic of Ireland for a manufacturing facility in Ireland. Limited operations commenced in June of 1980.

Employees

At June 30, 1980, the number of persons employed by the Company was approximately 11,670 (7,725 at June 30, 1979). The Company has not experienced any strikes or work stoppages and considers its relations with its employees to be good. None of the employees of the Company are represented by a labor union.

Item 2. Summary of Operations

	Year Ended June 30				
	1980	1979	1978	1977	1976
	(Dollar amounts in thousands except per share data)				
Revenues:					
Net sales and service revenues (1)	$503,132	$299,041	$185,404	$126,848	$90,980
Rental income	40,140	22,524	12,730	7,487	5,876
	543,272	321,565	198,134	134,335	96,856
Costs and expenses:					
Cost of products and services sold (2)	242,338	137,774	85,016	59,597	45,849
Research and development	36,655	16,464	8,800	6,550	4,263
Selling, general and administrative	170,557	111,817	70,778	48,543	34,243
Interest	15,909	7,925	4,948	2,951	2,429
	465,459	273,980	169,542	117,641	86,784
Earnings before income taxes	77,813	47,585	28,592	16,694	10,072
Provision for income taxes	25,700	19,000	13,000	7,570	3,900
Net earnings	$ 52,113	$ 28,585	$ 15,592	$ 9,124	$ 6,172
Net earnings per Class B Common and Class C Common share (3)	$2.00	$1.17	$.69	$.44	$.30
Average Class B Common and Class C Common shares and common share equivalents outstanding (in thousands)	26,591	24,442	22,585	20,659	20,441
Dividends per Class B Common share (4)	$.16	$.10	$.07	$.055	$.0125
Dividends per Class C Common share (4)	.06	.06	.04	.12	.10

(1) Service revenues, excluding the service component of rental income, during the periods presented were as follows (in thousands): 1980 — $42,637; 1979 — $25,222; 1978 — $17,302; 1977 — $11,713; 1976 — $7,469.

(2) Inventories used in the determination of cost of products and services sold were as follows (in thousands): June 30, 1980, $208,747; June 30, 1979, $108,674; June 30, 1978, $56,193; June 30, 1977, $41,367; June 30, 1976, $29,127; June 30, 1975, $26,621.

(3) Net earnings per share have been computed based on the weighted average number of Class B Common shares and Class C Common shares and common share equivalents during the respective periods adjusted for the effect of stock splits effected as dividends. Common share equivalents represent the shares issuable in connection with the 6¾% and 8% Convertible Subordinated Debentures issued during fiscal 1980 and the dilutive effect of shares issuable in connection with the Company's stock option plans. In making the computations, net earnings reflect the reduction of interest expense, net of related income taxes, from the assumed conversion of the Convertible Subordinated Debentures. Computation of fully-diluted net earnings per share resulted in less than 1% dilution in all periods presented.

(4) Dividends per share of Class B Common Stock have been adjusted to reflect the effect of shares issued in connection with the stock splits effected as dividends.

The summary of operations should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this annual report on Form 10-K.

Management's Discussion and Analysis of the Statement of Consolidated Earnings

1980 vs. 1979

Revenues increased 68.9%, from $321.6 million to $543.3 million. This growth, which extended to all major products and geographical areas, was most significant in word processing and VS systems and is believed to reflect an accelerating acceptance of and demand for the Company's products, as well as continued growth of the computer market. Price increases were not significant during the period.

Cost of products and services sold increased 75.9%, from $137.8 million to $242.3 million, representing 44.6% of revenues compared to 42.8% of revenues for fiscal 1979. These percentages reflect the effect of increases in the number of service and technical personnel to support increased market penetration in the commercial computer and word processing markets.

Research and development expenses increased 122.6%, from $16.5 million to $36.7 million, representing 6.7% of revenues compared to 5.1% in fiscal 1979. This increased level of expenditures includes costs associated with integrated information systems and the VS50 systems announced in June 1980, and the 2200LVP, 2200SVP, and PCS III systems announced in April 1980. Expenditures were also made for the development of new peripheral devices including the Company's image printer and its phototypesetting products.

Selling, general and administrative expenses increased 52.5%, from $111.8 million to $170.6 million, representing 31.4% of revenue compared to 34.8% for fiscal 1979. As a percentage of orders, which increased 69.2% to $701.4 million in fiscal 1980 from $414.5 million in fiscal 1979, selling, general and administrative expenses decreased by 2.7%. The increases in total expenses reflected significant increases in the number of sales support employees and related sales office costs. Improvements as a percentage of revenues and orders reflect further increases in productivity.

Interest expense increased 100.7%, from $7.9 million to $15.9 million, reflecting higher interest rates and a $133 million increase in borrowing, used principally for working capital and property, plant and equipment.

The Company's effective income tax rate decreased from 40.0% to 33.0%. This decrease resulted primarily from benefits related to the Company's new manufacturing facility in Puerto Rico, increased investment tax credits, and from the other factors described in Note F of "Notes to Consolidated Financial Statements."

1979 vs. 1978

Revenues increased 62.3% from $198.1 million to $321.6 million. This growth, which extended to all major products and geographical areas, was most significant in word processing and VS systems and is believed to reflect an accelerating acceptance of and demand for the Company's products as well as continued growth of the computer market. Price increases were not significant during the period.

Costs of products and services sold increased 62.1%, from $85.0 million to $137.8 million, representing 42.8% of revenues compared to 42.9% of revenues for 1978. These percentages reflect decreases in costs attributable to economies of scale resulting from higher revenues and reductions in the cost of certain component parts, offset in part by increases in service and technical personnel to support increased market penetration in the commercial computer and word processing markets.

Research and development expenses increased 87.1%, from $8.8 million to $16.5 million, representing 5.1% of revenues in 1979 compared to 4.4% in 1978. This increased level of expenditures includes costs associated with integrated information systems and the VS100 systems announced in June 1979. Expenditures were also made for the development of new peripheral devices including the Company's image printer and its phototypesetting products.

Selling, general and administrative expenses increased 58.0%, from $70.8 million to $111.8 million, but decreased .9% as a percentage of revenues. As a percentage of orders, which increased 78.9% to $415 million in 1979 from $232 million in 1978, selling, general and administrative expenses decreased by 3.6%. The increases in total expenses reflected significant increases in the number of sales support employees and related sales office costs. Improvements as a percentage of revenues and orders reflect further increases in productivity.

Interest expense increased 60.2%, from $4.9 million to $7.9 million, reflecting higher interest rates and a $58 million increase in borrowing, used principally for working capital and property, plant and equipment.

The Company's effective income tax rate decreased from 45% in 1978, to 40% in 1979. This decrease resulted primarily from benefits related to the Company's new manufacturing facility in Puerto Rico and from additional investment tax credits. See Note F of "Notes to Consolidated Financial Statements".

Supplementary Information on the Effects of Changing Prices (Unaudited)

In accordance with Statement Number 33 of the Financial Accounting Standards Board, the following supplementary unaudited information is presented to provide certain measurements of the effects of inflation on the Company's financial statements. This information should be considered experimental as there is no universally accepted method for measuring the effects of inflation. The Standards Board has called for two principal methods of measurement, the constant dollar and current cost methods, both of which are presented in the following information.

The adjustments to the primary financial statements required by this Statement are limited to the restatement of those financial statement elements most affected by inflation: inventories, rental equipment and property, plant and equipment and the related depreciation and cost of sales.

The constant dollar method provides information adjusted for general inflation. Accordingly, historical financial information has been restated in terms of average fiscal 1980 dollars using the Consumer Price Index for all Urban Consumers (CPI-U) as the index of general inflation.

The current cost method provides financial information adjusted for changes in specific prices affecting the Company. The objective of this method is to reflect the effects of changes in specific prices of inventories and capital equipment and the consumption of those resources at current replacement costs rather than historical acquisition costs. Adjustments for changes in specific prices of property, plant and equipment and the related depreciation expense were based on price indices and recent property appraisals. Inventories and cost of sales and rental equipment and related depreciation were measured on recent production costs. This method inherently requires the use of assumptions, approximations and estimates; accordingly, the resulting measurements should be viewed in that context and not as a precise indicator of the effects of changing prices.

The depreciation expense computed under the constant dollar and current cost methods are substantially lower than that computed under historical cost accounting. This is attributable to the use of the straight line method for constant dollar and current cost accounting instead of the declining balance method generally used for historical cost purposes. Had the same depreciation methods been used, the depreciation expense under both the constant dollar and current cost methods would have been greater than that under the historical cost method. Accelerated depreciation methods were chosen in the primary financial statements partly to compensate for changing prices. Accordingly, the application of such methods under constant dollar and current cost accounting would have overstated the effect of changing prices.

Two other significant inflation-oriented measurements have been calculated in addition to the adjustments made to the statement of consolidated earnings. The first measures the purchasing power gain from holding net monetary liabilities during the year. Net monetary liabilities consist of amounts owed offset by cash, receivables, and deposits.

The second measurement is the effect of increases in the general price level of inventory, rental equipment and property, plant and equipment in excess of increases in the specific prices of the same items. The increase in the general price level of inventory, rental equipment and property, plant and equipment is measured by applying the rate of change in the consumer price index to the average current cost of these assets held during the year. This excess indicates that in total, the general inflation rate is greater than the increase in the specific prices at which the Company estimates it would replace these assets.

Management believes that the current cost method is more appropriate than the constant dollar method in approximating the effects of changes in prices on the Company's results of operations and financial position. However, the constant dollar approach provides a uniform and objective basis for all industries for adjusting historical financial statistics to reflect the general decline in the purchasing power of the dollar.

Statement of Consolidated Earnings Adjusted For Changing Prices For the Year Ended June 30, 1980

(Dollar amounts in thousands except per share data)

	As Reported in Financial Statements (Historical Cost)	Adjusted for General Inflation (Constant Dollars)	Adjusted for Changes in Specific Prices (Current Cost)
Revenue	$543,272	$543,272	$543,272
Cost of products and services sold (a)	225,315	243,136	228,468
Depreciation and amortization	30,048	20,905	19,095
Other operating expenses (a)	194,187	194,187	194,187
Interest expense	15,909	15,909	15,909
Provision for income taxes	25,700	25,700	25,700
	491,159	499,837	483,359
Net earnings	$ 52,113	$ 43,435	$ 59,913
Net earnings per share	$ 2.00	$ 1.68	$ 2.30
Net assets at June 30, 1980	$191,496	$219,029	$226,505
Purchasing power gain resulting from holding of net monetary liabilities during the year		$ 16,389	
Increase in the general price level (constant dollars) of inventories, rental equipment, and property, plant, and equipment			$ 34,551
Less increases in the specific prices (current cost) of these items			11,346
Excess of increase in general price level over increases in specific prices			$ 23,205

(a) Excludes depreciation.

(b) At June 30, 1980 the current cost of inventory was $208,684,000 and the current cost of rental equipment and property, plant and equipment, net of accumulated depreciation was $198,091,000.

Five Year Comparison of Selected Financial Information

The following table shows selected historical financial data for the past five years adjusted to average fiscal 1980 dollars measured by the Consumer Price Index for all Urban Consumers.

	Year Ended June 30				
	1980	1979	1978	1977	1976
Revenue (in thousands)	$543,272	$364,333	$245,488	$177,725	$135,502
Cash dividends declared					
Class B	.16	.113	.087	.073	.0175
Class C	.06	.068	.050	.159	.140
Market price per share at year end					
Class B	34.38	20.96	12.47	5.50	5.47
Class C	33.00	22.38	13.63	5.62	5.51
Average consumer price index (Calendar 1967 = 100)	232.5	205.2	187.6	175.8	166.2

Item 3. Properties

The administration, sales, marketing, and development center operations of the Company are located in a modern 651,000 square foot complex on fifteen acres of land in Lowell, Massachusetts. The facility is located at the intersection of major highways which connect the Company's Tewksbury, Lawrence and Burlington facilities.

Manufacturing operations are principally located in a modern brick 612,000 square foot complex owned by the Company and located in Tewksbury, Massachusetts. The original building, completed in 1964 and expanded by six additions completed in 1966, 1968, 1970, 1973, 1978, and 1979, is located on an 88-acre site owned by the Company. A 138,000 square foot high bay warehouse building addition to this site will be completed in October 1980. In March of 1978, the Company purchased a 209,000 square foot facility located on 17 acres of land, adjacent to its Lowell headquarters. This facility primarily houses manufacturing operations. In March of 1979, the Company purchased a 325,000 square foot used facility located on 6.6 acres of land in Lawrence, Massachusetts. This facility now houses most of the Company's customer engineering operations. In 1980 the Company purchased a 100,000 square foot facility in Methuen, Massachusetts situated on 10.3 acres of land, which is being renovated and converted for the production of printed circuit boards. It is scheduled for operation in December of 1980. The Company believes that its manufacturing facilities are adequate to meet its current requirements.

In October 1975 the Company purchased an 80,000 square foot facility in Burlington, Massachusetts. The facility houses the Wang Data Center, the Wang Training Center, and the New England District Sales and Service Offices.

Outside the U.S., the Company owns a 35,334 square foot facility on five acres of land near Brussels, Belgium which serves as the administrative and support headquarters for European operations, and a 30,000 square foot facility in Utrecht, Holland, which serves as the offices for the Company's sales and service operations in Holland.

The Company rents sales offices in many locations throughout the United States, Canada, Europe, and the Far East under short-term leases. The Company also rents a facility in Juncos, Puerto Rico and County Limerick, Republic of Ireland, both of which are used for manufacturing operations. At June 30, 1980, aggregate real estate rental commitments for the coming year were approximately $16,401,000. See Note I to "Notes to Consolidated Financial Statements."

Item 4. Parents and Subsidiaries

Subsidiary	% of Ownership By Registrant	Organized Under Laws of
Wang Computer Pty. Ltd.	100%	Australia
Wang Gesellschaft m.b.H.	100%	Austria
Wang Europe S.A./N.V.	100%	Belgium
Wang Industrial Co. Ltd.	100%	China
Wang Laboratories (Taiwan) Ltd.	100%	China
Wang France S.A.R.L.	100%	France
Wang (U.K.) Ltd.	100%	Great Britain
*C.S. Computer Services Ltd.	100%	Great Britain
Wang Pacific Ltd.	100%	Hong Kong
Wang Computer, Ltd.	100%	Japan
Wang Laboratories (N.A.) N.V.	100%	Netherlands Antilles
Wang Nederland, B.V.	100%	Netherlands
Wang Laboratories (Ireland) B.V.	100%	Netherlands
Wang Computer Ltd.	100%	New Zealand
Wang de Panama (CPEC) S.A.	100%	Panama
Wang Computadoras, Inc.	100%	Puerto Rico
Wang Computer (Pte) Ltd.	100%	Singapore
*Wang Computers (South Africa) Pty. Ltd.	100%	South Africa
Wang Skandinaviska AB	100%	Sweden
Wang A.G.	100%	Switzerland
*Wang Trading A.G.	100%	Switzerland
Wang Financial Corporation	100%	United States
Wang International Trade, Inc.	100%	United States
Wang Puerto Rico, Inc.	100%	United States
Wang Americas, Inc.	100%	United States
Wang Voice Communications Systems, Inc.	100%	United States
*Wang Latin America, S.A.	100%	Venezuela
Wang Deutschland, GmbH	100%	West Germany

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*Non-operating

All subsidiaries are included in the Consolidated Financial Statements.

Item 5. Legal Proceedings

Registrant is not a party to any material legal proceedings.

Item 6. Increases and Decreases in Outstanding Securities and Indebtedness

(a) Class B Common Stock:

On July 1, 1979, Registrant had issued and outstanding 20,075,731 shares of Class B Common Stock, par value $.50 per share. On June 30, 1980, 21,396,157 Class B Common shares were issued and outstanding. The net increase of 1,320,426 Class B shares resulted from the following transactions:

At July 1, 1979, Registrant held as treasury shares 9,566 shares of its Class B Common Stock, par value $.50 per share. At various dates during the year ended June 30, 1980 an aggregate of 20,696 shares of Class B Common Stock were purchased by the Registrant. During the year 16,200 shares were transferred from the treasury by the Registrant to certain of its employees in connection with their exercise of Qualified and Non-Qualified options to purchase Class B Common shares, and 11,650 of these shares were transferred from the treasury to employees in connection with their exercise of Qualified and Non-Qualified options to purchase Class C Common shares. A total of 2,412 shares were held by the Registrant as treasury stock on June 30, 1980 and are therefore not outstanding.

In addition, during the year ended June 30, 1980, 124,034 of authorized but previously unissued shares of Class B Common Stock, par value $.50 per share, were issued by the Registrant to certain of its employees for an aggregate purchase price of $1,975,897 upon their purchase of such shares pursuant to the Registrant's Employees' Stock Purchase Plan. Also during the year 37,642 of authorized but previously unissued shares were issued to employees in connection with their exercise of options to purchase Class B Common shares and 96,906 of authorized but pre-

viously unissued shares were issued to employees in connection with their exercise of options to purchase Class C Common shares. Also during the year 54,690 of authorized but previously unissued shares were issued to the First National Bank of Boston, as trustee, pursuant to the Employees' Stock Bonus Plan.

On August 23, 1979 the Company sold in a public offering 1,000,000 shares of $.50 par value Class B Common Stock at a price to the public of $23.125 per share. Total price to the public was $23,125,000 less underwriting discounts and commissions of $1,197,000 resulting in net proceeds of $21,928,000. The principal underwriters were Merrill Lynch White Weld Capital Markets Group and Paine, Webber, Jackson & Curtis, Inc. These securities were registered under the Securities Act of 1933. The Company eventually used the net proceeds from the sale of the shares of Class B Common Stock for working capital purposes, including ordinary expansions of inventory and receivables, and additions to demonstrations, service and rental equipment. The net proceeds were initially used to reduce the Company's notes under its Revolving Credit Agreement.

(b) Class C Common Stock:

On July 1, 1979, Registrant had issued and outstanding 4,104,229 shares of Class C Common Stock, par value $.50 per share. On June 30, 1980, 4,058,031 Class C Common shares were issued and outstanding. The net decrease of 46,198 Class C Common shares resulted from the following transactions:

On July 1, 1979, Registrant held as treasury shares 22,280 shares of its Class C Common Stock, par value $.50 per share. At various dates during the year ended June 30, 1980 an aggregate of 73,337 shares of Class C Common Stock were purchased by the Registrant. During the year 27,139 of these shares were transferred from the treasury to employees in connection with their exercise of Qualified and Non-Qualified Stock Options. A total of 68,478 shares were held by the Registrant as treasury stock on June 30, 1980 and are therefore not outstanding.

(c) Issuance of Long-Term Debt:

At various dates during the year ended June 30, 1980, the Registrant borrowed a maximum amount of $48,500,000 under the revolving credit agreement for working capital purposes. On August 23, 1979 the Registrant paid $21,500,000, on September 14, 1979 the Registrant paid $15,000,000, on December 13, 1979 the Registrant paid $20,000,000 and on May 15, 1980 the Registrant paid $19,000,000, leaving no balance under the revolving credit agreement at June 30, 1980.

On December 19, 1979, the Company sold $50,000,000 of 6¾% Convertible Subordinated Debentures due 2004. Total price to the public was $50,000,000 less underwriting discounts of $562,500 resulting in net proceeds of $49,437,500. The principal underwriter was Merrill Lynch, Pierce, Fenner & Smith Incorporated. A portion of the net proceeds were initially used to reduce the Company's notes under its Revolving Credit Agreement. The balance was invested in short-term marketable securities.

On May 15, 1980, the Company sold $50,000,000 of 8% Convertible Subordinated Debentures due 2005. Total price to the public was $50,000,000 less underwriting discounts of $562,500 resulting in net proceeds of $49,437,500. The principal underwriter was Merrill Lynch, Pierce, Fenner & Smith Incorporated. A portion of the net proceeds were initially used to reduce the Company's notes under its Revolving Credit Agreement. The balance was invested in short-term marketable securities.

Item 7. Changes in Securities and Changes in Security for Registered Securities

None.

Item 8. Defaults Upon Senior Securities

None.

Item 9. Approximate Number of Equity Security Holders

At June 30, 1980, there were approximately the following number of holders of record of each class of Registrant's equity securities:

(1) Title of Class	(2) Number of Record Holders
Class B Common Stock, par value $.50 per share	12,697
Class C Common Stock, par value $.50 per share	5,955
6¾% Convertible Subordinated Debentures due 2004	389
8% Convertible Subordinated Debentures due 2005	251

Item 10. Submission of Matters to a Vote of Security Holders

None.

Item 11. Indemnification of Directors and Officers

There is no change in the information required by this Item from that provided in the Registrant's Form 10-K for the fiscal year ended June 30, 1971.

Item 12. Financial Statements, Exhibits Filed, and Reports on Form 8-K

Financial Statements:

Consolidated Balance Sheets — June 30, 1980 and 1979.

Statements of Consolidated Earnings — Years ended June 30, 1980 and 1979.

Statements of Changes in Consolidated Stockholders' Equity — Years ended June 30, 1980 and 1979.

Statements of Changes in Consolidated Financial Position — Years ended June 30, 1980 and 1979.

Notes to Consolidated Financial Statements.

Schedules:

Schedule V — Property, Plant and Equipment

Schedule VI — Accumulated Depreciation and Amortization of Property, Plant and Equipment

Schedule XII — Valuation and Qualifying Accounts and Reserves

Schedule XVI — Supplementary Income Statement Information

All other schedules (Nos. I, II, III, IV, VII, VIII, IX, X, XI, XIII, XIV, XV, XVII, XVIII, and XIX) for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are not applicable, and therefore, have been omitted.

Individual financial statements of the Registrant have been omitted as the Registrant is primarily an operating company and all subsidiaries included in the consolidated financial statements filed, in the aggregate, do not have minority equity interests and/or indebtedness to any person other than the Registrant or its consolidated subsidiaries in amounts which together (excepting indebtedness incurred in the ordinary course of business which is not overdue and matures within one year from the date of its creation, whether or not evidenced by securities, and indebtedness of subsidiaries which is collateralized by the Registrant by guarantee, pledge, assignment, or otherwise) exceed five percent of the total assets as shown by the most recent year-end consolidated balance sheet.

Exhibits:

Exhibit 1, Computation of earnings per share, is attached hereto.

Reports on Form 8-K:

The Company filed no reports on Form 8-K with the Securities and Exchange Commission during the quarter ended June 30, 1980.

Report of Ernst & Whinney, Independent Auditors

200 Clarendon Street • Boston, MA 02116 • Phone 617/266-2000

Board of Directors
Wang Laboratories, Inc.
Lowell, Massachusetts

We have examined the consolidated balance sheets of Wang Laboratories, Inc. and subsidiaries as of June 30, 1980 and 1979, and the related consolidated statements of earnings, changes in stockholders' equity, and changes in financial position for the years then ended and the schedules listed in the preceding index. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above, present fairly the consolidated financial position of Wang Laboratories, Inc., and subsidiaries at June 30, 1980 and 1979, and the consolidated results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. Further, it is our opinion that the schedules referred to above present fairly the information set forth therein, in compliance with the applicable accounting regulation of the Securities and Exchange Commission.

Ernst & Whinney

Boston, Massachusetts
July 25, 1980, except
as to Note L, as to which
the date is August 6, 1980.

Consolidated Balance Sheets

WANG LABORATORIES, INC. AND SUBSIDIARIES
(Dollar amounts in thousands)

ASSETS	June 30	
	1980	1979
CURRENT ASSETS		
Cash	$ 6,706	$ 5,002
Accounts receivable, less allowances ($6,827 in 1980 and $5,322 in 1979)	167,475	86,638
Inventories:		
Finished products	35,321	20,905
Field service parts and assemblies	55,585	29,202
Work in process and subassemblies	38,132	14,289
Raw materials	79,709	44,278
	208,747	108,674
Prepaid expenses and other current assets	11,392	6,442
TOTAL CURRENT ASSETS	394,320	206,756
OTHER ASSETS		
Rental equipment, less accumulated depreciation ($15,984 in 1980 and $9,899 in 1979)	34,202	18,809
Lease installments receivable — Note B	18,804	1,126
Miscellaneous	2,310	2,830
	55,316	22,765
PROPERTY, PLANT AND EQUIPMENT		
Land	4,288	1,915
Buildings	56,217	30,550
Machinery and equipment	61,172	32,691
	121,677	65,156
Less accumulated depreciation	23,461	13,468
	98,216	51,688
Demonstration and service equipment, less accumulated depreciation ($17,219 in 1980 and $11,836 in 1979)	30,601	23,015
	128,817	74,703
	$578,453	$304,224

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30	
	1980	1979
CURRENT LIABILITIES		
Notes payable to banks — Note C	$ 35,525	$ 10,753
Accounts payable	65,654	31,001
Compensation and amounts withheld therefrom	22,051	13,113
Unearned service revenue	14,301	4,859
Taxes, other than income taxes	6,248	5,259
Income taxes	3,329	3,454
Dividends payable to stockholders	917	865
Portion of long-term debt due within one year	5,315	503
TOTAL CURRENT LIABILITIES	153,340	69,807
LONG-TERM DEBT, less current portion (including subordinated long-term debt of $105,000 in 1980 and $5,000 in 1979) — Note D	214,117	111,178
DEFERRED INCOME TAXES	19,500	5,000
STOCKHOLDERS' EQUITY — Notes D and G		
Preferred Stock, par value $1.00 per share — authorized 6,000,000 shares, none issued		
Class B Common Stock, par value $.50 per share — authorized 30,000,000 shares, issued 21,398,569 shares in 1980 and 20,085,297 shares in 1979	10,699	10,043
Class C Common Stock, par value $.50 per share — authorized 10,000,000 shares, issued 4,126,509 shares	2,063	2,063
Capital in excess of par value	50,580	25,011
Retained earnings	130,199	81,734
	193,541	118,851
Less cost of treasury stock (Class B Common Stock — 2,412 shares in 1980 and 9,566 shares in 1979; Class C Common Stock — 68,478 shares in 1980 and 22,280 shares in 1979)	2,045	612
	191,496	118,239
	$578,453	$304,224

Certain reclassifications of 1979 amounts have been made for purposes of comparison.

See notes to consolidated financial statements.

Statements of Consolidated Earnings

WANG LABORATORIES, INC. AND SUBSIDIARIES
(Dollar amounts in thousands except per share data)

	Year Ended June 30	
	1980	1979
Revenues:		
Net sales and service revenues	$503,132	$299,041
Rental income	40,140	22,524
	543,272	321,565
Costs and expenses:		
Cost of products and services sold	242,338	137,774
Research and development	36,655	16,464
Selling, general and administrative	170,557	111,817
Interest	15,909	7,925
	465,459	273,980
EARNINGS BEFORE INCOME TAXES	77,813	47,585
Provision for income taxes — Note F	25,700	19,000
NET EARNINGS	$ 52,113	$ 28,585
Net earnings per share	$2.00	$1.17

See notes to consolidated financial statements.

Statements of Changes in Consolidated Stockholders' Equity

WANG LABORATORIES, INC. AND SUBSIDIARIES
(Dollar amounts in thousands)

	Class B Common Stock Par Value $.50 Per Share	Class C Common Stock Par Value $.50 Per Share	Capital In Excess of Par Value	Retained Earnings	Cost of Treasury Stock	Total Stockholders' Equity
BALANCE AT JUNE 30, 1978	$ 3,640	$2,062	$14,284	$ 55,149	$ 138	$ 74,997
Net earnings				28,585		28,585
Fair market value of 100,640 shares of Class B Common Stock issued to Employees Stock Bonus Plan	50		1,870			1,920
Proceeds from issuance of 102,332 shares of Class B Common Stock issued under Employees Stock Purchase Plan	51		1,264			1,315
Cost of 39,660 shares of Class B Common Stock and 48,406 shares of Class C Common Stock purchased					2,656	(2,656)
Proceeds from sale of 500,000 shares of Class B Common Stock in public offering	250		13,932			14,182
Proceeds from exercise of employee stock options, including related income tax benefits of $1,200	15	1	(302)		(2,182)	1,896
Issuance of 12,073,471 shares of Class B Common Stock resulting from stock split in the form of a dividend	6,037		(6,037)			
Cash dividends declared				(2,000)		(2,000)
BALANCE AT JUNE 30, 1979	10,043	2,063	25,011	81,734	612	118,239
Net earnings				52,113		52,113
Fair market value of 54,690 shares of Class B Common Stock issued to Employees Stock Bonus Plan	27		1,853			1,880
Proceeds from issuance of 124,034 shares of Class B Common Stock issued under Employees Stock Purchase Plan	62		1,914			1,976
Cost of 20,696 shares of Class B Common Stock and 73,337 shares of Class C Common Stock purchased					2,804	(2,804)
Proceeds from sale of 1,000,000 shares of Class B Common Stock in public offering	500		21,428			21,928
Proceeds from exercise of employee stock options, including related income tax benefits of $1,200	67		374		(1,371)	1,812
Cash dividends declared				(3,648)		(3,648)
BALANCE AT JUNE 30, 1980	$10,699	$2,063	$50,580	$130,199	$2,045	$191,496

See notes to consolidated financial statements.

Statements of Changes in Consolidated Financial Position

WANG LABORATORIES, INC. AND SUBSIDIARIES
(Dollar amounts in thousands)

	Year Ended June 30	
	1980	1979
SOURCE OF FUNDS		
Net earnings	$ 52,113	$ 28,585
Provision for depreciation and amortization	30,048	17,070
Increase in deferred income taxes	14,500	3,671
Other — net	1,478	1,656
TOTAL FROM OPERATIONS	98,139	50,982
Additional long-term debt, less $32,000 refinanced in 1980	108,021	57,383
Proceeds from sale of Class B Common Stock in public offering	21,928	14,182
Proceeds from sale of Common Stock to employees	3,788	3,211
	231,876	125,758
USE OF FUNDS		
Additions to property, plant and equipment — net	74,638	47,116
Additions to rental equipment — net	24,917	12,236
Increase in lease installments receivable	17,276	
Current maturities and repayment of long-term debt	5,082	2,179
Purchase of treasury stock	2,804	2,656
Cash dividends declared	3,648	2,000
Other — net	(520)	913
	127,845	67,100
INCREASE IN WORKING CAPITAL	$104,031	$ 58,658
COMPONENTS OF INCREASE IN WORKING CAPITAL		
Increase (decrease) in current assets:		
Cash	$ 1,704	$ (2,659)
Accounts receivable	80,837	33,128
Inventories	100,073	52,481
Prepaid expenses and other current assets	4,950	4,621
	187,564	87,571
Increase (decrease) in current liabilities:		
Notes payable to banks	24,772	2,808
Accounts payable	34,653	16,873
Compensation and amounts withheld therefrom	8,938	3,760
Unearned service revenue	9,442	2,089
Taxes, other than income taxes	989	3,534
Income taxes	(125)	(637)
Dividends payable to stockholders	52	569
Portion of long-term debt due within one year	4,812	(83)
	83,533	28,913
INCREASE IN WORKING CAPITAL	$104,031	$ 58,658

Certain reclassifications of 1979 amounts have been made for purposes of comparison.

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

WANG LABORATORIES, INC. AND SUBSIDIARIES

Note A – Significant Accounting Policies

Principles of Consolidation – The consolidated financial statements include the accounts of the Company and all significant subsidiaries, after the elimination of intercompany accounts and transactions.

Inventories – Inventories are stated at the lower of first-in, first-out cost or market.

Properties, Equipment and Related Depreciation – Property, plant and equipment are stated at cost less accumulated depreciation and amortization, provisions for which have been determined as follows:

	Estimated Useful Life	Depreciation Method
Land improvements	15 years	Straight line
Buildings	40 years	Straight line
Leasehold improvements	Various	Straight line
Machinery and equipment	3-10 years	Double-declining balance
Demonstration and service equipment	7-8 years	Double-declining balance

Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Major improvements are capitalized.

Upon retirement or other disposal of assets, related accumulated depreciation is eliminated from the accounts and any resulting profit or loss is reflected in operations.

Revenue Recognition – Revenues from equipment sales, non-recourse sales under third party agreements (Note E), and non-cancellable sales-type leases are recognized at the time equipment is shipped.

The Company leases certain equipment to customers for an initial term of generally one year, after which time the leases are cancellable by the lessee. Such leases are accounted for as operating leases and, accordingly, rental income is earned over the term of the lease and the cost of the equipment is amortized over the estimated useful life of seven years by use of the double-declining balance method. Rental equipment is continuously reviewed for remarketability and unamortized cost is written off when appropriate.

Service revenues are recognized ratably over the contract period or as the services are performed.

Warranty Costs – Warranty costs are expensed as incurred, which results in approximately the same charge to expense as would accrual of such costs at the time of sale.

Income Taxes – The provision for income taxes includes amounts currently payable and deferred income taxes arising primarily from different tax and financial statement accounting for certain lease arrangements. Investment credits are reflected in earnings as they are realized (the flow-through method). The Company does not provide federal income taxes on the undistributed earnings of its Domestic International Sales Corporation or its foreign subsidiaries since it intends to reinvest these earnings in the growth of the business outside the United States.

Earnings Per Share – Net earnings per share have been computed based on the weighted average number of Class B Common shares and Class C Common shares and common share equivalents during the respective periods. Common share equivalents represent the shares issuable in connection with the 6¾% and 8% Convertible Subordinated Debentures and the dilutive effect of shares issuable in connection with the Company's stock option plans. In making the computations, net earnings reflect the reduction of interest expense, net of related income taxes, from the assumed conversion of the Convertible Subordinated Debentures. Computation of fully-diluted net earnings per share resulted in less than 1% dilution in fiscal 1980 and 1979.

Note B – Lease Installments Receivable

Receivables from sales-type lease contracts are as follows:

	1980	1979
Minimum lease payments receivable	$21,467	$1,586
Less unearned financing income	(4,283)	(460)
Estimated residual value	1,620	
	$18,804	$1,126

At June 30, 1980, future minimum lease payments receivable are as follows (in thousands): 1981 – $6,601; 1982 – $6,492; 1983 – $6,422; 1984 – $1,240; 1985 – $712.

Note C – Notes Payable to Banks

Notes payable to banks are principally from international sources and include borrowings under multi-currency credit lines used primarily to minimize the Company's exposure to foreign currency fluctuations. The unused portion of the foreign credit lines was approximately $32,000,000 at June 30, 1980. The notes bear an average interest rate of 11.3% at June 30, 1980 and 7.2% at June 30, 1979. Additional information with respect to the notes follows (in thousands):

	1980	1979
Maximum amount of borrowings outstanding at any month end	$37,736	$10,753
Approximate daily average aggregate borrowings outstanding during the year	22,889	8,745
Approximate daily average interest rate	10.4%	9.1%

Note D – Long-Term Debt

Long-term debt at June 30, 1980 and 1979 consisted of the following (in thousands):

	1980	1979
Revolving Credit Notes		$ 27,000
9% Term loans payable in sixteen equal quarterly installments commencing in 1980	$ 20,000	20,000
9¼% Term loans payable in twenty equal quarterly installments commencing in 1981	20,000	20,000
10½% Term loans payable in thirteen equal quarterly installments commencing in 1982	20,000	20,000
10⅞% Term loans payable in sixteen equal quarterly installments commencing in 1982	20,000	
4.0%-9.875% Mortgage notes payable to 2012	33,084	18,207
6¾% Convertible Subordinated Debentures due 2004	50,000	
8% Convertible Subordinated Debentures due 2005	50,000	
9.75% Subordinated note payable 1983-1988	5,000	5,000
Other	1,348	1,474
	219,432	111,681
Less current portion	5,315	503
	$214,117	$111,178

Under the terms of the Revolving Credit Agreement, the Company may issue up to $100,000,000 ($40,000,000 in 1979) of its Revolving Credit Notes at the prime interest rate. Such notes mature in 1982 at which time outstanding amounts will be payable in equal quarterly installments over a four year period.

Annual sinking fund payments of $2,500,000 commence in 1990 in connection with the 6¾% Debentures and annual sinking fund payments of $2,500,000 commence in 1991 in connection with the 8% Debentures. The 6¾% Debentures are convertible into Class B Common Stock at $38.50 per share and the 8% Debentures are convertible into Class B Common Stock at $38.625 per share at any time prior to maturity.

The Company's debt agreements limit total liabilities as a percentage of stockholders' equity, require specified levels of working capital, limit aggregate bank indebtedness, and restrict the payment of cash dividends. Unrestricted consolidated retained earnings amounted to $41,356,000 at June 30, 1980.

Compensating balance arrangements related to the revolving credit notes require the Company to maintain aggregate bank ledger balances, adjusted for uncollected funds, equal to 5% of the entire line amount, plus 5% of amounts outstanding (10% in 1979). Compensating balances are not restricted as to withdrawal. Based on outstanding borrowings and the total line of credit at June 30, 1980 and 1979, the Company should maintain average compensating balances of approximately $5,400,000 and $3,700,000 respectively. Stated in terms of the Company's book cash balances such amounts were $1,600,000 in 1980 and $1,500,000 in 1979.

Land and buildings having a net book value of approximately $50,000,000 at June 30, 1980 are subject to the mortgage notes.

Maturities of long-term debt for the five years ending June 30, 1985 are as follows (in thousands): 1981 – $5,315; 1982 – $12,698; 1983 – $19,560; 1984 – $21,845; 1985 – $16,475.

Interest on long-term debt included in interest expense was $13,443,000 in 1980 and $7,286,000 in 1979.

Note E — Sales Under Remarketing Agreements

In connection with agreements with independent third-party lease financing companies, the sales value of equipment on short-term rental with end-users is financed by the third-parties on a non-recourse basis and, accordingly, is recorded as a sale. Generally, the Company has agreed to service these units and attempt to re-market them at the end of the lease period on a non-preferential basis. The Company receives fees for its services and remarketing efforts. Revenues of $39,307,000 in 1980 and $20,190,000 in 1979 were recorded under these programs.

Note F — Income Taxes

Provisions for income taxes consist of the following (in thousands):

	1980	1979
Currently payable		
Federal	$ 6,022	$10,984
Foreign	2,978	645
State	2,200	3,700
	11,200	15,329
Deferred (principally federal)	14,500	3,671
	$25,700	$19,000

Reconciliation of the statutory federal income tax rate to the effective rate is as follows:

	1980	1979
Statutory federal income tax rate	46.0%	47.0%
State income taxes, net of federal income tax benefit	1.5	4.1
Effect of losses of certain foreign subsidiaries for which no tax benefits are available	2.7	2.3
Effect of earnings of Puerto Rico subsidiary subject to lower tax rate	(5.3)	(2.0)
Effect of earnings of DISC subsidiary subject to lower tax rate	(5.1)	(5.5)
Investment tax credits	(7.7)	(5.9)
Other — net	.9	
Effective tax rate	33.0%	40.0%

Investment tax credits amounted to $6,022,000 in 1980 and $2,800,000 in 1979.

A portion of the earnings of the Company's domestic manufacturing subsidiary in Puerto Rico are not subject to tax under a grant of industrial tax exemption from the Commonwealth of Puerto Rico. This exemption applies to 90% of earnings through 1984, reducing to 75% through 1989, and 65% through 1994. This exemption reduced income tax expense and increased net earnings by approximately $4,200,000 ($.16 per share) in 1980 and $952,000 ($.04 per share) in 1979.

Distribution of retained earnings of foreign subsidiaries ($5,293,000) on which income taxes have not been provided would result in federal income taxes, net of foreign tax credits, of $795,000 at June 30, 1980.

The accumulated earnings of the DISC on which income taxes are not required to be provided amounted to $21,000,000 at June 30, 1980.

At June 30, 1980, certain foreign subsidiaries had available net operating loss carryforwards of approximately $9,763,000 which are available to offset their future taxable income. These loss carryforwards expire as follows (in thousands): $963 in 1981, $1,327 in 1982, $1,014 in 1984, $5,124 in 1985 and $1,335 in subsequent years.

Note G — Stockholder's Equity

CLASS B AND CLASS C COMMON STOCK — The Class B Common Stock is identical to the Class C Common Stock in all respects except that (i) it is entitled to a $.025 per share additional dividend for each quarter in respect of which a cash dividend is declared on Class C Common Stock and, (ii) it has limited voting rights. Each share of Class B Common Stock is entitled to one-tenth of a vote whereas each share of Class C Common Stock is entitled to one vote. However, the Class B Common stockholders are entitled to elect 25% of the Board of Directors, rounded up to the nearest whole number.

STOCK OPTIONS — The Company has granted certain employees, qualified and non-qualified options to purchase Common Stock of the Company at per share prices either 50% or 100% of the market price at date of grant. Substantially all outstanding options are exercisable ratably over a ten year period from the date of grant, except for options granted under the Company's long-term option program. Options under the long-term program are granted to all eligible employees who have completed one year of service, the number of shares being based on their compensation. Rights to exercise these options vest five years after they are granted. The options become exercisable when the employee reaches age sixty, and will continue to be exercisable until five years following retirement. Included in outstanding options granted in fiscal 1980 are options to purchase 83,500 shares of Class B Common Stock at a price of $11.25 per share, representing 50% of fair market value at date of grant.

Included in outstanding options are options for shares of Class C Common Stock which were granted prior to issuance of the Class B Common Stock. Due to subsequent stock splits, upon exercise each option holder will receive four shares of Class B Common Stock for each share of Class C Common Stock issued. At June 30, 1980, 138,444 shares of Class B Common Stock were reserved for issuance pursuant to outstanding Class C Common Stock options.

The following tabulation summarizes certain information for both classes of stock combined for all plans.

		Option Price		Corresponding Market Price(A)	
	Number of Shares	Range Per Share	Total (in 000's)	Range Per Share	Total (in 000's)
Outstanding at					
June 30, 1979	1,403,330	$2.13-15.81	$7,113	$ 2.13-15.81	$ 7,113
June 30, 1980	1,329,689	2.13-37.00	9,179	2.13-37.00	10,119
Became Exercisable					
During fiscal 1979	127,357	3.19-15.81	721	10.06-20.50	2,812
During fiscal 1980	37,491	3.19-37.00	273	17.75-37.38	1,204
Exercised					
During fiscal 1979	212,169	2.13-15.81	695	9.88-21.25	3,373
During fiscal 1980	189,537	2.13-37.00	611	17.75-39.88	5,439

(A) At dates options were granted, became exercisable or were exercised

The difference between the market price and option price at date of grant in connection with the 50% options granted in fiscal 1980 is charged to compensation expense ratably over the period in which the options become exercisable. Such charge amounted to $48,000 during fiscal 1980. There have been no other charges to income in connection with stock options.

At June 30, 1980 and 1979, options were exercisable for 368,789 shares and 521,183 shares, respectively.

EMPLOYEE PROFIT-SHARING AND STOCK BONUS PLANS AND STOCK PURCHASE PLAN — Contributions to the Profit-Sharing and Stock Bonus plans are based, subject to certain limitations, on the aggregate compensation of eligible employees. The annual contribution to the combined plans has been allocated 60% to the Profit-Sharing Plan and 40% to the Stock Bonus Plan.

Aggregate provisions for contributions under both plans were $4,700,000 in 1980 and $3,000,000 in 1979.

Note G – *Continued*

Offerings under the Employee Stock Purchase Plan are made each year on March 1 and September 1. Eligible employees electing to participate in the Plan may contribute up to 10% of their base compensation for the payment period through payroll deductions toward purchase of Class B Common Stock at a price fixed by the Board of Directors, which in no event will be less than 85% of the market price on the first or last day of the payment period, whichever is lower.

Shares reserved for issuance under the Company's Stock Option, Stock Bonus, and Stock Purchase plans and upon conversion of the 6¾% and 8% Convertible Subordinated Debentures were as follows:

	Class B Common		Class C Common	
	June 30 1980	June 30 1979	June 30 1980	June 30 1979
Outstanding options	1,295,078	1,341,580	34,611	61,750
Available for future grant under				
Stock Option Plans	710,197	326,092		
Stock Bonus Plan	51,786	106,476		14,476
Stock Purchase Plan	253,766	377,800		
Convertible Subordinated Debentures	2,593,199			
	4,904,026	2,151,948	34,611	76,226

Note H – Management Incentive Compensation and Retirement Plans

The Company has a Management Incentive Compensation Plan pursuant to which bonuses are paid to officers, managerial and technical employees. The Plan provides for the payment of bonuses based on a formula which considers consolidated earnings before income taxes, average net worth and average bank borrowings. Additional amounts may be paid at the discretion of the Board of Directors. The provisions for contributions under the plan were $2,035,000 in 1980 and $1,350,000 in 1979.

During 1980 the Board of Directors approved a plan which provides pre-retirement death benefits or retirement benefits for certain key personnel. The benefits are being funded through insurance contracts. For financial reporting purposes, the estimated present value of future retirement benefits to be paid is being accrued over the expected term of active employment of the participants. The amount charged to expense under the plan was $225,000 in 1980.

Note I – Leases

Rentals for leased equipment (principally data processing) and real estate (principally field offices) amounted to $13,760,000 in 1980 and $8,337,000 in 1979. Future minimum lease commitments on non-cancellable leases are as follows (in thousands):

	Total	Equipment	Real Estate
Year ending June 30:			
1981	$16,401	$2,745	$13,656
1982	13,725	1,508	12,217
1983	10,978	892	10,086
1984	8,535	840	7,695
1985	5,974	808	5,166
Thereafter in total	20,803	1,116	19,687
	$76,416	$7,909	$68,507

Note J – Quarterly Results of Operations (Unaudited)

The following is a tabulation of the unaudited quarterly results of operations for the years ended June 30, 1980 and 1979.

(in thousands except per share amounts)
Three Months Ended

	Sept. 30	Dec. 31	March 31	June 30
Year ended June 30, 1980				
Revenues	$95,030	$124,653	$137,861	$185,728
Gross profit	52,736	70,993	75,470	101,735
Net earnings	6,477	11,700	11,883	22,053
Net earnings per share	.26	.45	.46	.81
Dividends per share:				
Class B Common	.04	.04	.04	.04
Class C Common	.015	.015	.015	.015
Year ended June 30, 1979				
Revenues	$55,774	$ 75,119	$ 82,160	$108,512
Gross profit	29,684	40,942	46,000	67,165
Net earnings	3,537	6,315	6,491	12,242
Net earnings per share	.15	.26	.26	.50
Dividends per share:				
Class B Common	.02	.02	.02	.04
Class C Common	.015	.015	.015	.015

Note K – Additional Financial Information

The Company, which operates in one industry, designs, manufactures, markets and services computers and related peripheral devices. Information with respect to the Company's international operations appears under the caption "Geographic Information" included in this annual report. Such information for the two years in the period ending June 30, 1980 is an integral part of the Consolidated Financial Statements.

Unaudited information with respect to disclosures required by Statement No. 33 of the Financial Accounting Standards Board entitled "Financial Reporting and Changing Prices" is included in Item 2 of this annual report and is an integral part of the Consolidated Financial Statements.

Note L – Subsequent Event

On July 30, 1980 the Board of Directors voted to recommend that the stockholders approve at the Company's annual meeting on October 28, 1980 an increase in the authorized shares of Class B Common Stock from 30 million shares to 70 million shares.

On August 6, 1980 the directors also voted, contingent upon stockholder approval of the increase in the authorized shares, a stock split in the form of a dividend, issuing one share of Class B Common Stock for each outstanding share of Class B and Class C Common Stock. Such stock dividend will be payable on October 31, 1980 to stockholders of record on September 26, 1980.

No effect has been given in the accompanying financial statements to the stock split in the form of a dividend.

Schedule V – Property, Plant and Equipment

WANG LABORATORIES, INC. AND SUBSIDIARIES
(in thousands)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	Balance at Beginning of Period	Additions at Cost	Retirements	Other Changes—Add (Deduct)—Describe	Balance at End of Period
Year ended June 30, 1980:					
Land and land improvements	$ 1,915	$ 2,373			$ 4,288
Buildings and leasehold improvements	20,318	16,726	$ 81	$16,105 (1)	53,068
Demonstration equipment	34,851	21,828	9,541	682 (1)	47,820
Machinery and equipment	32,691	29,674	1,305	112 (1)	61,172
Construction in progress	10,232	9,029	—	(16,112)(1)	3,149
Total	$100,007	$79,630	$10,927	$ 787	$169,497
Rental equipment	$ 28,708	$46,090	$23,894	($ 718)(1)	$ 50,186
Year ended June 30, 1979:					
Land and land improvements	$ 1,071	$ 912		($ 68)(1)	$ 1,915
Buildings and leasehold improvements	16,217	4,562	$ 531	70 (1)	20,318
Demonstration equipment	20,741	22,419	4,627	(3,682)(1)	34,851
Machinery and equipment	17,769	12,258	983	3,647 (1)	32,691
Construction in progress	—	10,232	—	—	10,232
Total	$ 55,798	$50,383	$ 6,141	($ 33)	$100,007
Rental equipment	$ 18,518	$16,418	$ 6,208	($ 20)(1)	$ 28,708

(1) Reclassifications and miscellaneous adjustments.

Schedule VI — Accumulated Depreciation and Amortization of Property, Plant and Equipment

WANG LABORATORIES, INC. AND SUBSIDIARIES
(in thousands)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
CLASSIFICATION	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirements	Other Changes— Add (Deduct)— Describe	Balance at End of Period
Year ended June 30, 1980:					
Land and land improvements . . .	$ 119	$ 47			$ 166
Buildings and leasehold improvements	2,677	1,975	$ 52		4,600
Demonstration and service equipment	11,836	9,606	4,311	$ 88 (1)	17,219
Machinery and equipment	10,672	8,896	883	10 (1)	18,695
Total	$25,304	$20,524	$5,246	$ 98	$40,680
Rental equipment	$ 9,899	$ 9,524	$3,232	($ 207)(1)	$15,984
Year ended June 30, 1979:					
Land and land improvements . . .	$ 88	$ 31			$ 119
Buildings and leasehold improvements	1,956	946	$ 230	$ 5 (1)	2,677
Demonstration and service equipment	7,345	7,880	2,170	(1,219)(1)	11,836
Machinery and equipment	6,780	3,185	542	1,249 (1)	10,672
Total	$16,169	$12,042	$2,942	$ 35	$25,304
Rental equipment	$ 6,917	$ 5,028	$2,154	$ 108 (1)	$ 9,899

(1) Reclassifications and miscellaneous adjustments.

Schedule XII — Valuation and Qualifying Accounts and Reserves

WANG LABORATORIES, INC. AND SUBSIDIARIES
(in thousands)

COL. A	COL. B	COL. C		COL. D	COL. E
		ADDITIONS			
DESCRIPTION	Balance at Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts — Describe	Deductions — Describe	Balance at End of Period
Year ended June 30, 1980:					
Allowances for doubtful accounts	$5,322	$2,623		$1,118(1)	$6,827
Year ended June 30, 1979:					
Allowances for doubtful accounts	$4,520	$1,811		$1,009(1)	$5,322

(1) Accounts charged off, net of recoveries.

Schedule XVI – Supplementary Income Statement Information

WANG LABORATORIES, INC. AND SUBSIDIARIES
(in thousands)

COL. A ITEM	COL. B Charged to Costs and Expenses
Year ended June 30, 1980:	
Maintenance and repairs	$ 5,670
Depreciation, depletion and amortization of property, plant and equipment	30,048
Depreciation and amortization of intangible assets	*
Taxes, other than income taxes:	
Payroll	14,108
State franchise, etc.	557
Property and other	1,687
Rents	13,760
Royalties	*
Advertising costs	10,208
Year ended June 30, 1979:	
Maintenance and repairs	3,699
Depreciation, depletion and amortization of property, plant and equipment	17,070
Depreciation and amortization of intangible assets	*
Taxes, other than income taxes:	
Payroll	8,793
State franchise, etc.	536
Property and other	1,287
Rents	8,337
Royalties	*
Advertising costs	6,235

*Less than one percent of total revenues.

Part II.

Item 13. Security Ownership of Certain Beneficial Owners and Management

Not required. Definitive proxy statements will be filed not later than 120 days after June 30, 1980.

Item 14. Directors and Executive Officers of the Registrant

(a) Identification of directors:

Not required. Definitive proxy statements will be filed not later than 120 days after June 30, 1980.

(b)-(e) Identification of executive officers and significant employees at June 30, 1980, none of whom are related, their ages, terms of office, and all business experience with the Registrant are as follows:

Executive Officers	Age	Terms	Position(s)/Background
An Wang	60	26	President and Chairman Dr. Wang has, for the past five years, and since the Company's formation, served as its President and Director. In 1976, he was elected Chairman of the Board of Directors.
Harry H. S. Chou	57	11	Executive Vice President, Treasurer and Controller Mr. Chou has served as the Company's Chief Financial Officer since 1970. From 1969 to 1974 he served as Vice President, Treasurer and Controller. In 1974 he was elected Senior Vice President, and in 1978 he was elected Executive Vice President.
John F. Cunningham	37	8	Executive Vice President Mr. Cunningham is in charge of the Company's worldwide sales and service operations. In 1972, he was elected Vice President, in 1974 he was elected Senior Vice President, and in 1978 he was elected Executive Vice President.
Johannes Spanjaard	42	5	Senior Vice President Mr. Spanjaard is in charge of the Company's sales operations in Europe, Africa and the Middle East. He was elected Vice President in 1975, and in 1979 was elected Senior Vice President of the Company.
Edward D. Grayson	42	5	Vice President and Secretary Mr. Grayson is Vice President and General Counsel for the Company. He was elected Vice President and Secretary in 1975.

Note: Executive Vice Presidents, Senior Vice President and Vice Presidents of the Company are elected for one year, and in the case of statutory officers (President and Treasurer) of the Company, they are elected for one year terms or until their successors are chosen.

Item 15. Management Remuneration and Transactions

Not required. Definitive proxy statements will be filed not later than 120 days after June 30, 1980.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WANG LABORATORIES, INC.

By /s/ HARRY H. S. CHOU
Harry H. S. Chou
Executive Vice President
& Treasurer

August 12, 1980

Exhibit 1

Computation of Earnings Per Share

WANG LABORATORIES, INC.
(in thousands except per share amounts)

	Year Ended June 30,				
	1980	1979	1978	1977	1976
PRIMARY					
Average shares of Class B Common Stock outstanding	21,083	19,746	18,055	16,363	16,299
Average shares of Class C Common Stock outstanding	4,079	4,116	4,093	4,072	4,075
Net effect of dilutive stock options — based on the treasury stock method using average market price	571	580	437	224	67
Average shares assumed to be issued on conversion of Convertible Subordinated Debentures	858				
TOTALS	26,591	24,442	22,585	20,659	20,441
Net earnings	$52,113	$28,585	$15,592	$ 9,124	$ 6,172
Interest, net of income tax, on Convertible Subordinated Debentures assumed to be converted	1,157				
TOTALS	$53,270	$28,585	$15,592	$ 9,124	$ 6,172
Per share amount	$2.00	$1.17	$.69	$.44	$.30
FULLY DILUTED					
Average shares of Class B Common Stock outstanding	21,083	19,746	18,055	16,363	16,299
Average shares of Class C Common Stock outstanding	4,079	4,116	4,093	4,072	4,075
Net effect of dilutive stock options — based on treasury stock method using the year-end market price, if higher than average market price	592	602	500	358	135
Average shares assumed to be issued on conversion of Convertible Subordinated Debentures	858				
TOTALS	26,612	24,464	22,648	20,793	20,509
Net earnings	$52,113	$28,585	$15,592	$ 9,124	$ 6,172
Interest, net of income tax, on convertible Subordinated Debentures assumed to be converted	1,157				
TOTALS	$53,270	$28,585	$15,592	$ 9,124	$ 6,172
Per share amount	$2.00	$1.17	$.69	$.44	$.30

The average shares of Class B Common Stock and dilutive C n Stock equivalents have been restated to give retroactive
effect to shares issued in stock splits in the form of divider

For Participants in the Company's Stock Purchase and Stock Option Plans

Employees' Stock Purchase Plan

The Company estimates that on June 30, 1980, there were approximately 4,400 employees eligible to participate in the Company's Employees' Stock Purchase Plan and that, on the same date, a total of 2,537 employees were participating in the Stock Purchase Plan. The Company intends to make offerings under the Plan on March 1 and September 1 of each year. During the first twenty Payment Periods ended February 29, 1980, employees acquired 267,458 shares of the Class B Stock of the Company at an average price of $15.30 per share, and 139,222 shares of Class C Stock of the Company at an average price of $14.00 per share, for a total expenditure of $6,041,051. Due to subsequent stock splits, purchasers of the Class B Stock have received an additional 283,843 shares of Class B Stock and purchasers of the Class C Stock have received an additional 556,890 shares of Class B Stock. On June 30, 1980, 253,766 shares of Class B Stock remained available for issuance pursuant to the Stock Purchase Plan.

Qualified Stock Option Plans

As of June 30, 1980, 41 employees held options under the Company's two Qualified Stock Option Plans. As of June 30, 1980, no qualified options to purchase Class C Stock were outstanding under the 1967 Qualified Stock Option Plan. On the same date, options to purchase 903 shares of Class B Stock were outstanding under this Plan, and an additional 903 shares of Class B Stock were reserved as a result of the 1977 Stock Dividend and 1,806 shares of Class B Stock were reserved as a result of the 1979 Stock Dividend. No further options may be granted under the 1967 Plan, which terminated April 16, 1977. Under the 1969 Qualified Stock Option Plan, as of June 30, 1980, options for 6,647 shares of Class B Stock had been granted and were outstanding, and options for 12,965 shares of Class C Stock had been granted and were outstanding. 3,241 shares of Class B Stock have been reserved as a result of the 1976 Stock Dividend in respect of options to purchase Class C Stock granted prior to April 21, 1976 and not yet exercised, 22,853 shares of Class B Stock have been reserved as a result of the 1977 Stock Dividend in respect of options to purchase Class B Stock and Class C Stock granted prior to July 18, 1977 and not yet exercised, and 45,707 shares of Class B Stock have been reserved as a result of the 1979 Stock Dividend in respect of options to purchase Class B Stock and Class C Stock granted prior to May 21, 1979 and not yet exercised. No further options may be granted under the 1969 Plan, which was terminated on August 2, 1978.

The expiration dates for outstanding options as of June 30, 1980 range from Aug. 10, 1980 to May 21, 1981. The average purchase price of such options is $3.19 for Class B Stock and $14.48 for Class C Stock. (Upon the exercise of an option to purchase Class C Stock, the employee will receive, in addition to each share of Class C Stock, 4 shares of Class B Stock.)

Non-Qualified Stock Option Plan

As of June 30, 1980, the Company had 3,985 officers, Directors and employees eligible for option grants under the Non-Qualified Plan, of whom 3,985 held options. As of June 30, 1980, options under the Non-Qualified Plan to purchase a total of 497,564 shares of Class B Stock had been granted and were outstanding; options to purchase 21,646 shares of Class C Stock had been granted and were outstanding and 710,197 shares of Class B Stock were available for future grant under the Non-Qualified Plan. As a result of the 1976 Stock Dividend, 5,412 shares of Class B Stock have been reserved for issuance upon the exercise of outstanding options granted prior to April 21, 1976. As a result of the 1977 Stock Dividend, 169,291 shares of Class B Stock have been reserved for issuance upon the exercise of outstanding options granted prior to July 18, 1977. As a result of the 1979 Stock Dividend, 540,751 shares of Class B Stock have been reserved for issuance upon the exercise of outstanding options granted prior to May 21, 1979. Except for long-term options, these options may be exercised during the ten-year period from the date of grant. Presently outstanding long-term options vest five years after they are granted, and become exercisable when the employee reaches age 60 and continue to be exercisable until 5 years following retirement unless retirement occurs prior to age 60, in which case they are exercisable from age 60 until the employee reaches age 65. In the case of death, long-term options immediately vest and are exercisable for one year thereafter. Long-term options also fully vest when an employee becomes totally disabled and are exercisable for a period of five years thereafter. The average purchase price of shares of Class B Stock subject to options is $7.61 per share; the average price of shares of Class C Stock subject to options is $14.74 per share. (Upon the exercise of an option to purchase Class C Stock, the employee will receive, in addition to each share of Class C Stock, 4 shares of Class B Stock.) (Dates of grants were July 31, 1973, August 24, 1974, July 31, 1974, October 22, 1974, August 11, 1975, August 10, 1976, February 10, 1977, August 10, 1977, February 10, 1978, August 10, 1978, February 9, 1979, August 10, 1979, February 11, 1980.)

Directors, Corporate Officers and Management

Board of Directors

AN WANG
Chairman of the Board and President

PETER A. BROOKE
Vice Chairman and Director of Tucker Anthony Holding Corp.

HARRY H. S. CHOU
Executive Vice President

JOHN F. CUNNINGHAM
Executive Vice President

CHARLES E. GOODHUE, III
Partner, Goodwin, Procter & Hoar

JAMES C. HODGE
Consultant, Former Chairman Warner & Swasey Company

MARTIN KIRKPATRICK
Partner, Fish & Richardson

ERNEST F. STOCKWELL, JR.
Senior Vice President, The First National Bank of Boston

LORRAINE C. WANG
Founding Director of the Company, Stockholder

Corporate Officers

AN WANG, *President*

HARRY H. S. CHOU, *Executive Vice President, Treasurer and Controller*

JOHN F. CUNNINGHAM
Executive Vice President

JOHANNES SPANJAARD
Senior Vice President

EDWARD D. GRAYSON, *Vice President, General Counsel and Secretary*

CHARLES E. GOODHUE, III, *Clerk*

Transfer Agent and Registrar

The First National Bank of Boston

Auditors

Ernst & Whinney, Boston, Massachusetts

Legal Counsel

Goodwin, Procter & Hoar,
Boston, Massachusetts

Listing

American Stock Exchange
Pacific Stock Exchange

Field Operations

JOHN F. CUNNINGHAM
Executive Vice President

ROBERT L. DORETTI
Vice President, Eastern Area, North America

JOSEPH P. GRANT
Vice President, Central Area, North America

CHARLES D. KEMPTON
Vice President, Western Area, North America

RONALD A. MUNDEN
Area Director, Mid-America Area, North America

EUGENE L. SHUGOLL
Vice President, Southern Area, North America

JOHANNES SPANJAARD
Senior Vice President, Europe, Africa and Middle East

RICHARD P. ADAM
Vice President, European Area Representatives

DODGE CHU
Vice President, Pacific Area

RONALD A. SMITH
Vice President, Americas Area

RICHARD A. HEBERT
Vice President, Customer Engineering

J. CARL MASI
Vice President, Marketing Support

General Operations

HARRY H. S. CHOU
Executive Vice President

JON F. KROPPER
Vice President, Manufacturing

EUGENE M. BULLIS
Vice President, International Controller

EDWARD J. DEVIN
Vice President, Human Resources

MARTIN A. MILLER
Assistant Treasurer

MARTIN GOLDMAN
Director, International Finance

HERBERT S. HOLZMAN
North American Controller

DAVID J. HENNESSEY
Director, Internal Audit

LOUIS B. GREEN
Director of Procurement

Development Center Operations

ROBERT S. KOLK
Vice President

HAROLD S. KOPLOW
Vice President

NORMAN M. LOURIE
Vice President

ROBERT A. SIEGEL
Vice President

FREDERICK A. WANG
Vice President, Market Planning and Development

ROBERT M. BOZEMAN, JR.
Vice President, Systems Programming

CHAUNCEY C. CHU
Vice President

RALPH A. CRUSIUS
Vice President, Assistant to the President

ALBERT P. BELLE ISLE
Director, Corporate Technology

Exhibit IIB7-8

THE FIRST NATIONAL BANK OF BOSTON
BOSTON, MASSACHUSETTS 02110

April 1, 1981

Chinese Economic Development Council, Inc.
20 Hudson Street
Boston, Massachusetts 02110

Re: The Boylston Building
651-657 Washington Street and 2-22 Boylston Street
Boston, Massachusetts

Gentlemen:

This letter will serve as our commitment to grant a first mortgage construction loan in the maximum amount of Six Million Dollars ($6,000,000.00) (the "Construction Loan") to the Chinese Economic Development Council, Inc. ("CEDC") or a subsidiary corporation of CEDC approved by The First National Bank of Boston (the "Bank"). CEDC or such subsidiary corporation, as applicable, is hereinafter referred to as the "Borrower".

The Construction Loan will be evidenced by a promissory note of $6,000,000.00, for a term of one (1) year, with interest payable monthly on those sums advanced and outstanding at a rate floating one-half percent (1/2%) over the Base Rate of the Bank as the same may be established from time to time with any adjustment in the rate to be effective simultaneously with any change in said Base Rate. (The term "Base Rate" shall mean the rate of interest announced from time to time by The First National Bank of Boston at its Head Office as its Base Rate.) Interest at the annual rate herein stated will be computed during each monthly interest period by the application of a 360-day per diem factor on the actual number of days during which the Construction Loan proceeds are advanced and outstanding. In addition to the interest as stated above, the Bank is to receive at the closing of this loan a commitment fee of one-half of one percent (1/2%) of the face amount of the note. For each month or portion thereof that the Construction Loan remains outstanding beyond the first year, the Bank is to receive a supplemental commitment fee of one-twelfth (1/12) of one-half percent (1/2%) of the face amount of the note.

Our primary security for the Construction Loan is to consist of a first mortgage lien on approximately 15,000 square feet of land

situated at 651-657 Washington Street and 2-22 Boylston Street, in Boston, Suffolk County, Massachusetts, and the six-story building (the "Building") containing approximately 105,000 square feet of floor area located thereon (collectively, the "Property").

Additional terms and conditions of this commitment to be satisfied prior to the closing of the Construction Loan are as follows:

1. If the Borrower is a subsidiary of CEDC, the Construction Loan shall be guaranteed by CEDC.

2. The Bank is to receive an assignment of leases, rents, issues and profits arising in connection with the Property, including, without limitation, a lease (the "Key Lease") to Wang Laboratories, Inc. of a portion of the first floor and floors 2 through 6 of the Building. The Key Lease and all other leases or tenancy agreements are to provide for rentals and terms and to be in all other respects satisfactory both in form and substance to the Bank in the Bank's sole discretion. The Bank shall also be provided with an estoppel certificate in form and substance satisfactory to the Bank executed by the tenant under the Key Lease and by such other tenants as the Bank may designate.

3. Prior to the closing of the Construction Loan, the Bank shall be provided with evidence, in form and substance satisfactory to the Bank in the Bank's sole discretion, that the Borrower has received unconditional commitments (collectively, the "Take-Out Commitments") of the following, all of which shall be available at or prior to the maturity of the Construction Loan:

a. A $1,000,000.00 Office of Economic Development Venture Grant from the Community Services Administration;

b. A $2,000,000.00 grant from the Economic Development Administration (or substitute therefor approved by the Bank in its sole discretion);

c. A $2,000,000.00 Land Acquisition Loan from the Massachusetts Government Land Bank (the "Land Bank") on terms and conditions approved by the Bank. In the event the Land Bank loan is funded while the Construction Loan is outstanding, the mortgage securing the Land Bank loan

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shall be subordinate to the Construction Loan mortgage, and thereafter shall be subordinate to the Permanent Loan mortgage described below; and

d. The $1,000,000.00 industrial revenue bond loan from the Bank described below.

The Take-Out Commitments and the Borrower's rights thereunder shall be assigned to the Bank by agreement among the relevant parties, in form and substance satisfactory to the Bank, as additional security for the Construction Loan. The Borrower shall have the right to draw down the proceeds of the Take-Out Commitments (or such portion thereof as is available to the Borrower) during construction and to use such proceeds in lieu of or in repayment of the Construction Loan without prepayment penalty.

4. The Borrower shall grant to the Bank a first perfected security interest in all fixtures, equipment and other items of personal property which are affixed to, placed upon or used in connection with the Property.

5. The Bank is to receive a mortgagee policy of title insurance issued by a company approved by the Bank in the full amount of the Construction Loan and issued in such form and containing such terms, conditions and exceptions as shall be acceptable to the Bank's attorney. At the time of each advance under the Construction Loan, the Bank shall receive an endorsement evidencing the continued first priority of the Construction Loan mortgage.

6. The Bank is to receive a complete project cost breakdown which will include a $500,000.00 contingency reserve, will not exceed $6,000,000.00 and will be satisfactory to the Bank in all other respects.

7. The Construction Contract and the general contractor shall be approved by the Bank. It is understood that the Construction Contract will be of a "design build" nature; however, the Construction Contract shall contain a fixed maximum price in an amount set forth on the approved project cost breakdown. The Bank also reserves the right to require full payment, performance and lien bonds, in form and substance and issued by a company satisfactory to the Bank, as well as to approve all subcontracts and subcontractors.

8. The project will be constructed in accordance with plans and specifications approved by the Bank and by the tenant under the Key Lease, and such plans and specifications shall not be changed, amended or modified without the prior written approval of the Bank and such tenant. Additionally, the rights of the Borrower to the plans and specifications and all construction, architectural and engineering contracts shall be conditionally assigned to the Bank on such terms as the Bank may determine.

9. At the Bank's election, the services of an outside consulting engineer and/or architect will be employed by the Bank, who shall certify on a monthly basis that construction is in accordance with the original plans and specifications as approved by the Bank and the tenant under the Key Lease. He will also certify that construction has reached a stated percentage of completion and, further, that the monthly requisitions, as submitted, accurately reflect the degree of work performed to date. If the Bank so elects to employ a consultant, the cost of such will be borne by the Borrower. Prior to the closing of the Construction Loan, it will be necessary for such consultant to be provided with a complete set of plans and specifications for his review of the construction costs relating to the project.

10. The Borrower shall execute a Construction Loan Agreement on such terms and conditions as determined by the Bank. It is specifically understood that at the time of the first disbursement of the Construction Loan and at all times thereafter there shall remain sufficient unadvanced Construction Loan proceeds to meet all direct and indirect construction and related costs of the project. Any required equity funds are to be expended prior to the initial advance. Loan disbursements will be made based upon submission of requisitions and certificates of contractors, architects or engineers, in such form and substance as the Bank may require in its sole discretion. All advances against direct construction costs will be subject to a withholding rate created under the Construction Contract or subcontract, but at least in an amount of ten percent (10%).

11. The Bank shall be provided with a certificate of a registered engineer, certifying to the availability and adequacy of utility services, sanitary water supply, storm sewer and sanitary sewer facilities at the lot lines of the Property and to the availability of satisfactory means of ingress and egress. The Bank shall also be furnished with such assurances as will be acceptable to the Bank that the proposed construction and use of the Property comply with all

applicable federal, state, county and municipal laws, rules, regulations and ordinances, including building codes, zoning by-laws and environmental matters.

12. The Bank will be furnished with a complete set of plans and specifications for the construction of the project, as approved by the tenant under the Key Lease, and a survey of the boundaries of the Property, together with data, as requested by the Bank's attorney, showing the locations and dimensions of easements, utility lines and the like.

13. The Bank shall be furnished with an insurance policy, in builder's risk form as shall be approved by the Bank, providing coverage in such amounts and against such hazards as the Bank may require, naming the Bank as the loss payee.

14. Evidence must be furnished to the Bank that flood insurance is not required for the Property under the Flood Disaster Protection Act of 1973 or, in the alternative, there shall be provided to the Bank flood insurance coverage underwritten in a fashion satisfactory to the Bank.

15. The Borrower shall assign to the Bank, in such form as the Bank may require, the Borrower's interest in and to any of the Take-Out Commitments and other agreements or contracts pertaining to the development or intended use of the project.

16. The Borrower and the City of Boston shall have entered into a so-called 121-A agreement relating to payments in lieu of real estate taxes in form and substance satisfactory to the Bank.

In addition to the Construction Loan commitment set forth above, this letter will also serve as our commitment to purchase a tax-exempt industrial revenue bond (the "Bond") in the maximum amount of One Million Dollars ($1,000,000.00) (the "Permanent Loan") to be issued by the Boston Economic Development and Industrial Commission, the proceeds of which purchase are to be used in partial repayment of the Construction Loan. The Bond is to provide for interest of ten percent (10%) per annum (subject to adjustment as provided below), payable monthly, computed on the actual number of days in each month but calculated on the basis of a 360-day year, is to have a maturity date of five (5) years from the date of issue and is to provide for amortization based upon a twenty-five (25) year term.

Additional terms and conditions of the Permanent Loan commitment to be satisfied prior to the purchase of the Bond are as follows:

A. The Borrower shall have complied with all of the terms and provisions of the Construction Loan and shall not be in default thereunder.

B. The Bond shall be secured by an assignment of the Borrower's note, by a first mortgage on the Property and by an assignment of all leases, rents, issues and profits arising in connection with the Property, including, without limitation, the Key Lease. Such Bond, note, mortgage, assignment, Key Lease, and all other leases and tenancy agreements shall all be in form and substance satisfactory to the Bank in the Bank's sole discretion.

C. The Bank shall be provided with an unconditional Certificate of Occupancy, architect's and engineer's certificates, survey, insurance policies, mortgagee's title insurance policy, legal opinions, collateral assignments of warranties and guarantees and the like, as the Bank and its counsel may require, all in form and substance and, where applicable, issued by companies satisfactory to the Bank in its sole discretion.

D. The mortgage shall provide for monthly escrow payments on account of insurance and real estate taxes (or payments in lieu of taxes pursuant to the so-called 121-A agreement which shall have been entered into by the Borrower and the City of Boston as a condition of the Permanent Loan).

E. At the time of the purchase of the Bond, the Borrower shall submit to the Bank an estoppel certificate executed by the tenant under the Key Lease, in form and substance satisfactory to the Bank, bearing a date not earlier than ten (10) days prior to the Bond purchase date, acknowledging that the Key Lease is in full force and effect, without any claim on the part of the tenant of any default or breach of condition by the Borrower, and acknowledgment from the tenant that the term of such lease has, in fact, commenced and the obligation on the part of the tenant to pay the rental and other charges for which provision is therein made has accrued, that all payments on account of rent or due otherwise under the Key Lease have been paid, that said tenant has accepted all improvements made to the premises demised under the Key Lease and said premises are complete and satisfactory to said tenant without any further obligation on the

part of the landlord of said premises in respect of construction and that said tenant has no other defenses, offsets or counterclaims to its obligations under the Key Lease.

F. The interest to be paid on account of the Bond shall be tax exempt for both federal and state purposes.

G. The original issue discount on the Bond shall be tax exempt for both federal and state purposes.

H. The Bond indenture must include terms satisfactory to the Bank and its counsel which preserve the Bank's taxable equivalent yield against reduction in the Bank's statutory tax rate. That is to say, if the combined federal or state tax rate imposed upon the income of the Bank shall change as a result of changes in the applicable federal or state tax rate, then the foregoing Bond interest rate shall likewise change in accordance with a formula acceptable to the Bank.

I. The Massachusetts Industrial Finance Agency must have approved the Bond.

J. At the time the Bank purchases the Bond, the Bank shall be furnished with a legal opinion, in form and substance and from counsel satisfactory to the Bank, (a) to the effect that all interest and original issue discount payable to the Bank in accordance with the terms of this commitment and the Bond will be exempt from both federal and state income tax, and (b) on such other matters related to the issuance and purchase of the Bond as legal counsel for the Bank shall determine to be appropriate or desirable.

K. To the extent determined to be applicable by the Bank or its counsel, all of the terms and conditions specified herein for the Construction Loan shall also pertain to the Permanent Loan commitment and shall be complied with to the satisfaction of the Bank as of the date of the purchase of the Bond by the Bank.

L. The Borrower shall continue to be the owner of the Property until redemption of the Bond.

The foregoing terms and conditions are predicated upon our present understanding of the proposed financing for the project. After a more comprehensive appreciation of the necessary mechanics and other

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details involved, some further assurances in the nature of security may be required.

This commitment shall not be assigned by the Borrower without the Bank's prior written consent.

All legal fees and costs arising on account of the Construction Loan or the Permanent Loan are to be borne by the Borrower and all loan documentation is to be in form and substance satisfactory to the Bank's counsel in the person of Alan W. Rottenberg, Esquire, Goulston & Storrs, One Federal Street, Boston, Massachusetts 02110.

Whether or not the Construction Loan on the Permanent Loan closes, the Borrower shall pay all expenses of the transaction whatsoever, including but not limited to brokerage commissions, title company examination and insurance charges, recording fees, documentary tax stamps, if any, survey charges, and legal fees and expenses.

If the foregoing terms and conditions of this commitment are in accordance with your understanding, kindly indicate your acceptance by signing and returning the enclosed copy of this letter within ten (10) days from the date of the same or the Bank at its option may cancel this commitment. Further, this commitment carries an expiration date of June 30, 1981 in the event the Construction Loan is not closed on or before that date.

Very truly yours,

THE FIRST NATIONAL BANK OF BOSTON

By__________________________
John P. Shea
Vice President

cc: Alan W. Rottenberg, Esquire

ACCEPTED:

CHINESE ECONOMIC DEVELOPMENT
COUNCIL, INC.

By__________________________
Its

UDAG FORM 3*

OTHER PUBLIC FINANCIAL ASSISTANCE SUMMARY

Instructions: Complete one row to describe each kind of public financial assistance used in the proposed project.

Public Entity, Program Title, Contact Person, Address/Telephone (A)	Amount (B)	Type of Assistance (e.g. loan, grant, guarantee) (C)	Recipient (Person, firm, or entity) (D)	Nature and extent of activity to be financed by other public sources; spender; transaction name and number (E)	Funding Status		
					Committed (F)	Pending (G)	Application not Submitted (H)
Community Service Administration: Office of Economic Development; Washington, D.C.	$1,000,000	Venture Grant	CEDC	Renovations	X subject to other grants and private sector debt		
Mass. State Land Bank 1 Ashburton Place Boston, Mass.	$2,000,000	Loan	CEDC	Acquisition and rehab	X subject to UDAG grant		
Mass. Inustrial Finance Agency	$1,000,000	Industrial Revenue Bond	CEDC	rehab	X subject to UDAG grant		

*This form constitutes the response to Part II.B.7.e.(1).

Page __ of __

UDAG FORM 2*

ESTIMATED LEVERAGE RATIO

Instructions: For projects which consist of one transaction, complete this form. For projects with multiple transactions, complete a separate sheet for each transaction and a sheet which summarizes all transactions.

	Check appropriate box: ☐ Project Summary ☐ Transaction No. ______ Name: ______
TOTAL PROJECT OR TRANSACTION COSTS 1. (If Summary, take from Form 1, Part 1, Line s. If Transaction, take from Form 1, Part 2, Line s.)	
INFLOWS: 2. Private Investment	
3. Private Debt from Lenders	
4. Subtotal--Private Sources (2+3)	
5. Action Grant	
6. Leverage Ratio (4÷5)	
7. Other Sources (e.g., other federal, state, local, and project income)	
8. TOTAL INFLOWS (4+5+7) should equal total outlays (Item 1)	
9. Additional Spinoff Private Investment Anticipated as a Result of Project	

*This form constitutes the response to Part II.B.7.b.

Page __ of __

Exhibit IIB7-9

Boston Redevelopment Authority

Robert J. Ryan, Director

November 6, 1980

Mr. David W. Davis, Chairman
Boston I.D.F.A.
c/o EDIC/Boston
18 Tremont Street, Suite 300
Boston, Massachusetts 02201

Dear Mr. Davis:

The Theatre District/Chinatown Phase II CARD Plan was approved by the Boston City Council on October 8, 1980 and the Mayor on October 27, 1980. The Boston Redevelopment Authority anticipates approval of the plan by the Secretary of Communities and Development within the week of November 10-14, 1980.

Pursuant to Sections 7.2 and 8.0 of the Theatre District/Chinatown Phase II CARD Plan, the Chinese Economic Development Council, Inc. was required to submit to my office certain information and materials related to their proposed project at the Boylston Building (2-22 Boylston Street and 651-657 Washington Street) for review and project certification.

I am pleased to convey our approval of their plans and to verify that the Chinese Economic Development Council's project at the Boylston Building is within the Theatre District/Chinatown Phase II CARD Plan and is consistent with the plan's objectives.

Sincerely,

Robert J. Ryan
Director

1 City Hall Square
Boston, Massachusetts 02201
(617) 722-4300

Exhibit IIB7-10

Request for MIFA To Issue Revenue Bonds

I, Lawrence Bianchi, Secretary of the Boston Industrial Development Financing Authority, established and existing pursuant to Chapter 40D of the Massachusetts General Laws, as amended, hereby certify that at a duly called meeting of the Board of Directors of such Authority held on November 7, 1980, at which a quorum was present and acting throughout, the following Resolution was unanimously adopted:

> "WHEREAS, the Massachusetts Industrial Finance Agency (the "Agency") has received an inquiry from Chinese Economic Development Council, Inc. (the "Sponsor") as sponsor of a project to be financed by the Agency and to consist of certain industrial development facilities (the "Project") to be located in the City of Boston, Massachusetts, the Project being generally described as follows:
>
> > The acquisition of land and a building currently located thereon at 2-26 Boylston Street, Boston, Massachusetts and rehabilitation and renovation of space in such building for the purpose of leasing such building to one or more industrial or commercial enterprises, it presently being contemplated that floors 2-6 of said building will be leased to WANG Laboratories, Inc. and that the first floor will be leased to several commercial tenants.

"WHEREAS, the Agency has notified this Authority in writing of such inquiry by the Sponsor, in compliance with Section 35(h)(1) of Chapter 23A of

the Massachusetts General Laws, as amended;

"NOW, THEREFORE, IT IS VOTED that this Authority, acting in the name and behalf of the City of Boston, Massachusetts, hereby requests that the Agency assume the role of this Authority in financing the Project, as authorized by Section 35(h)(3) of Chapter 23A of the Massachusetts General Laws, as amended."

And I further certify that such Resolution is still in full force and effect and has not been amended, modified, supplemented or revoked.

Lawrence

Secretary of aforesaid

Dated: November 7, 1980

Exhibit IIB7-11

MASSACHUSETTS INDUSTRIAL FINANCE AGENCY

131 State Street, Suite 600
Boston, Massachusetts 02109

(617) 723-4242

Robert E. Patterson
Executive Director

November 20, 1980

Chinese Economic Development Council
20 Hudson Street
Boston, MA 02116

ATT: Michael O'Bryon, Director of Economic Development

Gentlemen:

I am pleased to inform you that the Massachusetts Industrial Finance Agency approved your proposed project for the Boylston Building at the November 13, 1980 meeting of its board of directors.

The attached resolution was adopted unanimously at that meeting by the directors and should constitute "Official Action" to protect your project and future expenditures incurred therewith under certain provisions of the Internal Revenue Code.

We look forward to working with you in moving this exciting project forward as rapidly as possible.

Best regards,

Robert E. Patterson
Executive Director

REP:bfe

Enclosure

MASSACHUSETTS INDUSTRIAL FINANCE AGENCY

Resolution Approving Industrial Development Project

WHEREAS, the Massachusetts Industrial Finance Agency (the "Agency") may finance industrial development facilities through the issuance of industrial revenue bonds pursuant to G.L. c.23A, §§29-38, both inclusive, as amended and, to the extent made applicable by Massachusetts, General Laws Chapter 23A, §35, as amended, Massachusetts General Laws, Chapter 40D, as amended (hereinafter referred to, collectively, as the "Acts").

WHEREAS, Chinese Economic Development Council, Inc., a Massachusetts not-for-profit corporation (the "Company", which term shall also include any parent, subsidiary or other affiliate of either of the foregoing) has requested the financing by the Agency of certain industrial development facilities in the City of Boston, to be used by the Company in the business of acquiring, rehabilitating and renting commercial and industrial space consisting generally of the following (the "Project"):

> Acquisition of land and a building currently located thereon at 2-26 Boylston Street, Boston, Massachusetts and rehabilitation and renovation of space in such building for the purpose of leasing such building to one or more industrial or commercial enterprises, it presently being contemplated that floors 2-6 of said building will be leased to WANG Laboratories, Inc. and that the first floor will be leased to a number of Commercial Tenants; and

WHEREAS, the Boston Industrial Development Financing Authority has, by Resolution adopted on November 7, 1980, requested that the Agency assume the role of such Authority in financing the Project and whereas the Agency is empowered under the Acts to exercise the powers of an industrial development financing authority;

WHEREAS, the currently estimated cost of the Project is $6,000,000 and the Company has requested financing with the proceeds of industrial development bonds issued under the Acts in the amount of not exceeding $1,000,000;

WHEREAS, the Company has indicated its willingness to finance any excess of actual Project costs (whether or not such actual cost exceeds the estimated cost set forth in the preceding paragraph) over the amount of such actual cost financed with the proceeds of such bonds and to pay all necessary and appropriate fees and expenses of the Agency in issuing the bonds;

WHEREAS, said industrial development project is located in a low-income area and is located in a predominantly commercial area for which a Commercial Area Revitalization Plan has been adopted by the City of Boston, Massachusetts and approved by the Secretary of Communities and Development and said project is consistent with such plan; and

WHEREAS, the financing of the Project appears to be authorized under the provisions of the Acts; and

WHEREAS, the Agency, by adopting the resolutions set forth herein or by taking any other action in connection with the Project or the related bond or bonds (including the issuance by the Agency of such bond or bonds and the making by the Agency of any of the findings set forth in Section 12 of Chapter 40D of the Massachusetts General Laws, as amended) does not and cannot provide any assurance that the Project or the Company is financially viable or sound, that amounts owing on such bond or bonds will be paid, or that any collateral which may be pledged to secure such bond or bonds would be sufficient to repay holders of such bond or bonds in the event of default and foreclosure; and neither the Company, nor any prospective purchaser of such bond or bonds, nor any other person shall rely upon the Agency with respect to such matters.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Purpose of Resolution.

This resolution is intended as official action, within the meaning of the regulations promulgated under Section 103(b) of the Internal Revenue Code, toward the issuance of industrial revenue bonds under the Acts to finance the Project and as an

inducement for the Company to acquire and install, the Project in the City of Boston.

2. Findings.

It is reasonable to expect that, upon review of appropriate financing documents, the Board of Directors of the Agency can make the findings and determinations required by G.L. c.23A, §35(c).

3. Agreement.

The Agency approves the Project and the estimated cost thereof and agrees to issue industrial development revenue bonds under the Acts in a principal amount not in excess of $1,000,000 to finance the Project subject to all requirements of the Acts.

4. Effective Date.

This resolution shall take effect upon its passage.

NOV 10 1980

Exhibit IIB7-12

Commonwealth of Massachusetts

Government Land Bank

One Ashburton Place, Room 2109
Boston, Massachusetts 02108
(617) 727-8257

William F. McCall, Jr., Chairman
Carolyn P. Partan, Vice-Chairman
Lawrence C. Sullivan, Secretary
Alfred W. Archibald
H. James Brown
Mary Kelligrew Kassler
Charles E. Mitchell
Linda A. Whitlock
Edward T. Hanley, ex officio
Byron J. Matthews, ex officio
Jeffrey A. Simon, Executive Director

November 7, 1980

Mr. William Leong
Executive Director
Chinese Economic Development Corp.
20 Hudson Street
Boston, Mass. 02111

Dear Mr. Leong:

I appreciated your presentation to the Board yesterday. At that meeting, the Board voted to grant Preliminary Approval to your project. Any further action by the Board is contingent upon the following:

1) receipt of all federal funds listed in your application in the amount of approximately $3 million;
2) issuance of an Industrial Revenue Bond in the amount of approximately $1 million;
3) a signed lease with Wang Laboratories which is acceptable to the Land Bank;
4) securing all local approvals, including the 121A agreement.

The Board has directed the staff of the Land Bank to work with you to prepare the Redevelopment Plan required of all Land Bank projects. This Preliminary Approval for an amount not to exceed $2 million will be reviewed in 90 days.

I look forward to working with you on this project.

Sincerely yours,

Jeffrey A. Simon

Jeffrey A. Simon
Executive Director

JAS/f

cc. William F. McCall, Jr., Chairman
Kevin H. White, Mayor, City of Boston

Exhibit IIB7-13

Commonwealth of Massachusetts

Government Land Bank

One Ashburton Place, Room 2109
Boston, Massachusetts 02108
(617) 727-8257

William F. McCall, Jr., Chairman
Carolyn P. Partan, Vice-Chairman
Lawrence C. Sullivan, Secretary
Alfred W. Archibald
H. James Brown
Mary Kelligrew Kassler
Charles E. Mitchell
Linda A. Whitlock
Edward T. Hanley, ex officio
Byron J. Matthews, ex officio
Jeffrey A. Simon, Executive Director

March 9, 1981

Michael OBryon
Chinese Economic Development Council
20 Hudson Street
Boston, MA 02111

Dear Mr. OBryon:

This letter is to express my concern about the status of funding for the Boylston Building rehabilitation project. I am particularly concerned about the $2,000,000 Economic Development Administration grant which had been committed to the project and may be rescinded. Our Board of Directors has granted preliminary approval of Land Bank financing for $2,000,000 contingent on final commitments of a $1,000,000 Industrial Revenue Bond, a $1,000,000 CSA grant, and a $2,000,000 EDA grant. In our analysis, these grant commitments appear essential to making this project economically feasible and to securing the final agreement with Wang Laboratories that would create over 300 jobs at this downtown location.

The Land Bank cannot grant final approval of $2,000,000 to this project until and unless final grant commitments are received. If commitments are not received before the six-month review stage, on May 6th, the Land Bank Board of Directors may decide either to revoke or to extend preliminary approval.

The CEDC's proposal for re-use of the Boylston Building is a potential model for economic revitalization projects that we would like to support. I would hope to see Land Bank financing in this project before the end of our fiscal year in June. If we can provide any assistance in pulling this project together, don't hesitate to give me a call.

Sincerely,

Jeffrey A. Simon
Executive Director

cc: Kathleen Hogan

JAS/mac

Exhibit IIb7-14

Commonwealth of Massachusetts

Government Land Bank

One Ashburton Place, Room ~~2109~~ 611
Boston, Massachusetts 02108
(617) 727-8257

William F. McCall, Jr., Chairman
Carolyn P. Partan, Vice-Chairman
Lawrence C. Sullivan, Secretary
Alfred W. Archibald
H. James Brown
Mary Kelligrew Kassler
Charles E. Mitchell
Linda A. Whitlock
Edward T. Hanley, ex officio
Byron J. Matthews, ex officio
Jeffrey A. Simon, Executive Director

April 22, 1981

Michael OBryon
Chinese Economic Development Council
20 Hudson Street
Boston, MA 02111

Dear Mr. OBryon,

This letter is to confirm that the Preliminary Approval for $2,000,000 in Land Bank assistance to the Boylston Building rehabilitation project is still in effect. The usual period of 90 days for Preliminary Approval has been extended to allow you time to secure necessary grant commitments to the project, in light of recent changes to federal grant programs that had been expected to be committed to the project. The Land Bank remains in strong support of this important project.

To review the details of the Land Bank role in this project has given preliminary approval of $2,000,000 of the overall estimated $6,000,000 in project costs. The Land Bank would agree to purchase and resell the Boylston Building to the CEDC with a mortgage and note at favorable terms to be determined at the time of Final Approval. Debt service will be calculated based on the rate for Massachusetts General Obligation Bonds plus a 1% administration charge (current rate is about 9.6%). Further action by the Board, as you know, is contingent upon receipt of commitments for approximately $3,000,000; issuance of an Industrial Revenue Bond for approximately $1,000,000; securing all local approvals including the 121A agreement; and a signed agreement with Wang Laboratories which is acceptable to the Land Bank.

We are anxious to proceed with the Boylston Building project as soon as possible, but we realize that changes in the federal funding programs require our patience. We remain committed to your project, and hope we can assist you in seeing this effort through to a prompt completion.

Sincerely,

Kathleen Hogan
Project Manager

Exhibit IIB7-15

Community WASHINGTON, D.C. 20506
Services Administration

DEC 31 1980

22 DEC 1980

Mr. William J. Leong
Executive Director
Chinese Economic Development
 Council
20 Hudson Street
Boston, Massachusetts 02111

Dear Mr. Leong:

This letter is in response to the Chinese Economic Development Council's (CEDC's) October 23, 1980, submission of a proposal in which the Office of Economic Development (OED) has been asked to share in providing grant funds totalling $3.0 million to finalize the financing of the purchase and rehabilitation of the Boylston Building.

Please be advised that the OED is prepared to share in the support of the efforts of the CEDC with an amount not to exceed $1.0 million. You should understand, however, that the OED cannot disburse funds without evidence that the project is economically feasible. Therefore, CEDC must provide the Program Monitoring and Review Division (PM&RD) of the OED a complete and acceptable business package.

When the above requirements have been satisfactorily resolved, the OED will then issue a firm commitment to this project. If there are any questions in this matter, please contact your Program Manager, Mr. Craig Hathaway.

Sincerely,

Gerrold K. Mukai
Associate Director
Office of Economic Development

James V. Digilio
Chief, Program Development
 and Demonstration Division
Office of Economic Development

II.B.8. PROJECT SCHEDULE

a. Timetable

See Exhibit IIB8-1.

b. Public Approvals

The following local public approvals and permits will be required for the Boylston Building Project:

Boston Landmarks Commission Approval

The Boylston Building rehab has received conditional approval from the Boston Landmarks Commission for a Certificate of Design Approval, with the final design/build plans for the facade treatment to be reviewed.

Building Permit

Boston Building Department. CEDC will submit plans for review to the Building Department as soon as Final Working Plans and Specifications are prepared.

Public Works Department Permits

Boston Public Works Department, Permit Division. For any new curb cuts, modification or elimination of existing curb cuts, permission to excavate or conduct other construction in any Boston public streets, the developer or his contractor will apply to the Public Works Department Permit Division for appropriate permits. This process is started by submitting Final Working Drawings to the Public Works Department Engineering Division at the same time plans are filed with the Building Department.

Boston Water and Sewer Commission Permits

Boston Water and Sewer Commission. Plans for connecting the project to the public water and sewer systems will be filed for review and approval with the Commission, simultaneously with the submission under Item 2 to the Public Works Department.

121A Review Process

The developer has sought 121A designation which will require the following review:

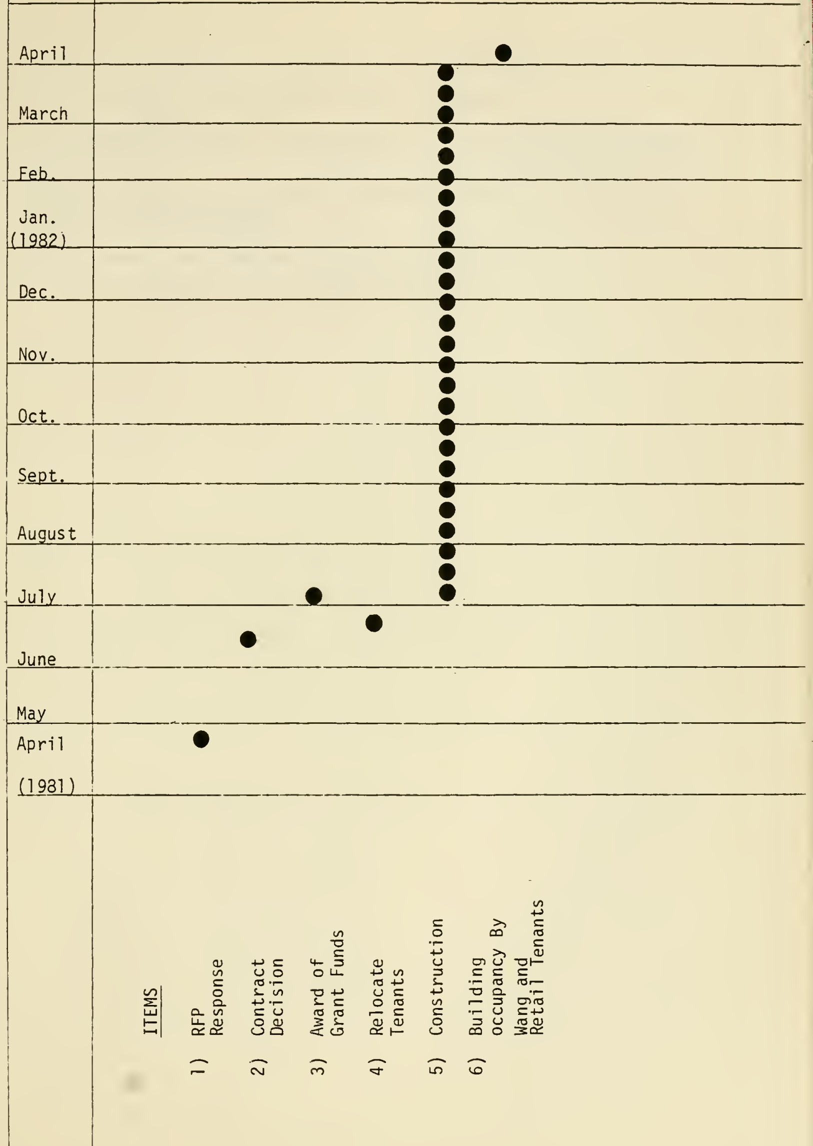
1. The developer submits a Draft 121A Application to the Boston Redevelopment Authority for review.

2. The review process takes 60-90 days from submission of the draft application.

3. Letter from Mayor's Ad Hoc Committee on terms of 6A Contract on payment in-lieu-of taxes is submitted to the Authority.

Exhibit IIB8-1

SCHEDULE



4. Final 121A Application is submitted to the Authority.
5. Public Hearing is advertised 10 days in advance.
6. 121A Public Hearing by BRA Board on final application and signed tax letter.
7. A copy of the final application will be available for review during that period at the BRA.
8. BRA Report and Decision on the 121A Application.
9. Mayor's approval of 121A Report and Decision.

PART III

Evidence of Meeting Program Objectives

SECTION A

Alleviation of Physical Distress

UDAG FORM 4*

ALLEVIATION OF PHYSICAL DISTRESS

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the project, insert "N/A." Attach additional pages to complete your responses if necessary, and indicate the item on Form 4 to which the additional response refers.

1. Residential Projects

	New Construction (A)		Rehabilitation (B)		Demolished (% Substandard) (C)	Historic** Restoration (D)
	Single Family	Multi-Family	Single Family	Multi-Family		
No. Units						
No. Occupants before project						
No. Occupants after project completed						

2. Commercial/Industrial Projects

Acres Cleared	
No. Buildings Demolished (% Substandard)	
Total Square Footage Demolished	100% Rehabilitation
Percent Occupied Before Demolition	14%

	New Construction (A)	Rehabilitation (B)	Historic Restoration*** (C)
No. Buildings		1	1
Total Square Footage		115,000 s.f.	115,000 s.f.

* This form constitutes the response to Part III.A.

** For residential historic restoration projects, include the number of units and occupants in Column D and Column A or B.

*** For commercial or industrial historic restoration projects, include information in Column C and Column B.

3. Projects with Infrastructure Components

	Water (A)	Sewer (B)	Sanitary (C)
Linear feet of new pipe			
Linear feet of pipe replaced			

Capacity added (units served, mgd, or other standard) - Residential			
- Commercial			
- Industrial			
Total Capacity Added			

4. Projects with Beautification and Street Improvement Components

Describe beautification and street improvement efforts in the proposed project. Indicate the scope of the project by citing the type and amount of work undertaken on new streets, resurfacing, widening, sidewalks, street lights, benches, landscaping, etc. Contrast the proposed new facilities with existing conditions.

SECTION B

Alleviation of Economic Distress

UDAG FORM 5*

ALLEVIATION OF ECONOMIC DISTRESS

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the proposed project, insert "N/A." Attach additional pages to complete your responses to questions 2 and 3 if necessary, and indicate the item on Form 5 to which the additional response refers. For purposes of this application, jobs should be stated in Full Time Equivalents i.e., two half-time jobs equal one full time equivalent (FTE) job.

1. Job Creation Potential of Proposed Project

A. Permanent Jobs

	Low & Mod. Income (A)	Middle Income (B)	Upper Income (C)	Total (D)
(1) New jobs	106	224	20	330
(2) CETA** Subsidized new jobs	0	0	0	0
(3) Jobs retained	0	0	0	0
(4) Jobs transferred to project area supervisory positions	0		20	20
(5) Jobs transferred out of project area	0	0	0	0
(6) Total permanent jobs	106	224	20	350
(7) % Private sector	100	100	0	200
(8) % Public sector	0	0	0	0
(9) % CETA** subsidized	0	0	0	0
(10) Average Salary/Wage	9,500	18,000	25,000	17,500

B. Temporary Jobs

(11) Construction jobs created	0	90	0	90
(12) Other temporary jobs	NA	NA	NA	NA
(13) Total temporary jobs	0	0	0	0
(14) % Private sector	0	100%	0	100%
(15) % Public sector	0	0	0	0
(16) % CETA subsidized	0	0	0	0
(17) Average Salary/Wage	0	22,000/yr	0	22,000/yr

* This form constitutes the response to Part III.B.1.

** Comprehensive Employment and Training Act. The number of new CETA jobs should appear on line (2) and should also be included in the total new jobs on line (1).

2. Increase in Business Activity

Describe the increase in the dollar volume of retail sales or other business activity in the community expected to result from the proposed project in both absolute and percentage terms. Indicate the expected percentage of total retail sales or other business activity in the area which the proposed project will capture.

3. Other Economic Indicators

If there are any other specific indicators of the overall alleviation of economic distress in the community which will result from the proposed project, please describe them. For example: reduction of population outmigration or housing overcrowding, or the replacement of abandoned buildings.

UDAG FORM 5 (continued)

2. Increase in Business Activity

It is not possible at this time to determine actual increase in dollar volume of business activity resulting from the operation of Wang's computer assembly plant because the assembly process will be one factor in the complete production of computer hardware which will ultimately be marketed and sold by another division within the Wang corporation. Wang's net production figures are expected to rise as a result of this business expansion, and will be subject to Massachusetts' sales tax to the extent applicable. Figures are also unavailable for the retail arcade inasmuch as CEDC has just advertised for proposals and retail sales volume cannot be determined until the tenant selection process is completed in May, 1981. However, the retail businesses to replace the existing commercial uses are expected to exceed the dollar volume of existing reported taxable sales.

3. Other Economic Indicators

There are several specific benefits of this project which will serve to alleviate economic distress in the community. The rehabilitation of the Boylston Building will create a productive use out of a severely underutilized, predominantly vacant commercial building and will upgrade the physical appearance and preserve the architectural integrity of this National Historic Register property. Accordingly, the 330 new jobs created by this project will provide manufacturing and retail job opportunities to Boston residents, particularly low income, Chinese-speaking people for whom employment opportunities are otherwise severely restricted. It is expected that this project will stimulate further investment in other buildings in similar condition in the Lower Washington Street area which will provide expanded employment and reinforce redevelopment efforts at Lafayette Place and the Theatre District.

METHOD OF CALCULATION

I.A.(1)(4)(6)(7)(10)

Wang intends to employ at least 250 assembly workers in this computer assembly plant, 80% of whom will be skilled workers for whom Wang will provide training programs, and 20% of whom will be semi-skilled persons. Wang's present salary structure (April, 1981) allows $4.30/hour job entry level applicants in the semi-skilled category and this wage is adjusted every six months to reflect advanced skill levels and cost of living increases.

The retail arcade will contain approximately eleven (11) shops and one (1) computer retail store for Wang. Each shop will employ an average of 4-5 persons, and it is expected that approximately 50 of these jobs will be in the low- to moderate-income category.

In addition, Wang Laboratories employees will also be eligible for Wang's generous employee benefit package which includes comprehensive health and life insurance, disability and long-term disability insurance, and tuition reimbursement programs. These programs will be very important factors in expanding the disposable incomes of potential employees, most of whom now pay for less insurance coverage independently or do without adequate coverage for themselves and their families.

I.B.(11)(13)(17)

In the fall of 1980 CEDC issued a request for estimate to accurately determine the $4.5 million renovation cost of this project. As part of this procedure discussions were held with the three respondents concerning the workforce necessary to accomplish the rehabilitation. All respondents estimated between 80 and 100 workers in all trades and job classifications would be employed.

From this information CEDC has used the figure of 90 construction jobs for this project.

3. Effect on Other Jurisdictions

Not applicable -- Wang's proposed facility represents an expansion.

SECTION C

Fiscal Improvement

Property of
BOSTON REDEVELOPMENT AUTHORITY
Library

UDAG FORM 6*

FISCAL IMPROVEMENT

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the proposed project insert "N/A." Attach additional pages to complete your response if necessary, and indicate the item on Form 6 to which the additional response refers.

		Dollar** Increase or (Decrease)
a.	Value of property added to tax rolls by proposed project	See Note 1
b.	Less: Reduction in assessed value from demolition and other changes	See Note 1
c.	NET INCREASE OF VALUE ADDED TO TAX ROLLS	See Note 1
d.	Incremental Tax Revenue (line a x Local Tax Rate)	See Note 1
e.	Sales Tax — State	$81,000
	— Local	N/A
	— Special	N/A
f.	Income Tax — Personal	$797,453
	— Corporate	$801,108
g.	Personal Property Tax	N/A
h.	Payments in Lieu of Taxes	$150,000 to $250,000
i.	Increase in Taxes (d + e + f + g + h)	$1,707,561 to $1,807,561
j.	Less: Reduced collections in categories e through h due to demolitions, closings, etc.	0
k.	NET INCREASE IN TAX COLLECTIONS (i-j)	$1,707,561 to $1,807,561
l.	NET INCREASE/$000 IN UDAG	$837 to $886

* This form constitutes the response to Part III.C.1.
** Base information on fiscal improvement on an estimate of circumstances in the first year after Action Grant project completion.

2. Return to Local Government

		DOLLARS
a.	Increase in annual tax revenue to local government*	
b.	Total expected investment by local government	
c.	"Return on Investment" to local government (a÷b)	

3. Tax Breaks

Describe tax abatement packages which have been offered to businesses and homeowners in connection with the project. Include names or categories of beneficiaries, the term of each package, how the tax reduction is structured, and the total annual value of the offer. If payments in lieu of taxes (PILOT) are involved, describe the proposed terms. NOTE: Increased tax base is a selection criterion for Action Grants.

4. General Tax Reductions

If any reduction in taxes unrelated to the project (e.g., a drop in the tax rate for homeowners in the municipality) is included as a part of the overall plan for the project, describe the terms of the reduction and the reasons that it is appropriate.

---

* Base this increase on an estimate of the circumstances in the first year after Action Grant Project completion.

2. Return to Local Government

a. $36,910 to $136,910
b. 0
c. N/A

3. Tax Agreements

"Under Chapter 652 of the Acts of 1960, the BRA has the power to approve applicants for the formation of non-profit, limited dividend or cooperative entities under Massachusetts General Laws, Chapter 121A. The purpose of Chapter 121A is to ensure stable taxes on a development, thereby encouraging development in Boston. Under 121A, an eligible developer's property is exempt from certain property taxes for a specified period in exchange for a binding tax agreement based primarily on effective gross income." (CEDS 3) The 121A agreement is usually for a 15 year period and provides for a graduated tax payment during the construction period. The agreement also provides the City with an all encompassing review process of the project (design, transportation, zoning, etc.,). The developer is considering a 121A designation.

4. General Tax Reductions - N/A

Construction Tax Return

During the construction period there will be three kinds of taxes generated by the project: sales tax on construction materials, income taxes for State and Federal government, and sales taxes of employees working in Boston. These taxes will accrue during the 9 month construction time.

Income Tax, State	$ 84,785
Income Tax, Federal	268,110
Sales Tax, Materials	80,625
Sales Tax Employee Purchases	1,323
Total Tax Return During Construction	$434,833

UDAG FORM 6 - NOTES, SOURCES AND METHODS

The tax flow of this project is composed of a payment in-lieu-of property tax, sales tax, income taxes, and corporate taxes in the first year after completion, 1983.

1(a) through (d) Property Taxes

CEDC is currently seeking a Chapter 121A payment-in-lieu-of-taxes agreement. Negotiations between CEDC and the BRA are underway and terms of the agreement will be outlined when completed.

In 1980-1981, the property tax payment to the city was $122,000. Due to the fact that a payment-in-lieu-of tax agreement will be negotiated there will be no property value added to the tax rolls to be assessed and taxed at City rates for institutional property. See line 1h.

Source: Boston Redevelopment Authority.

1(e) Sales Tax

The only applicable sales tax is the 5% Massachusetts State sales tax pertaining to the 12,000 square feet of retail area on the ground floor of the Boylston Building. $81,000 in annual tax will be generated according to the following estimate.

$ 12,000	Square Feet
135	Sales per Square Foot
1,620,000	Annual Sales
.05	Mass. Sales Tax Rate
$ 81,000	Annual Sales Tax

Source: Boston Redevelopment Authority.

1(f) Income Tax

A total of $797,453 in personal and $801,108 in corporate income taxes will be created annually by this project.

*Federal Personal Income Tax

employees	salary	tax/employee	total tax
106	$ 9,500	$ 450	$ 47,700
224	18,000	2,050	459,200
20	25,000	3,099	61,980
350	$15,825	$2,682	$567,800

Sources: UDAG Form 5
U.S. Internal Revenue Service (1980 tax rates)
Boston Redevelopment Authority

*State Personal Income Tax

employees	salary	total salary
106	$ 9,500	$1,007,000
224	18,000	4,032,000
20	25,000	500,000
350	$15,825	$5,539,000

$5,539,000	Total Payroll
567,880	Less Federal Tax
700,000	Less $2,000 per employye Personal exemption
$4,271,120	Taxable Income
.05375	Sate Tax Rate
$ 229,573	Sate Income Tax Return

Source: UDAG Form 5
Boston Redevelopment Authority

*Corporate Taxes

$ 543,272	1980 Total Revenue
.14	Percent Return
$ 77,813	Net Income
25,700	Tax Payments
52,113	Net Earnings
.33	Effective Tax Rate

$ 543,242	1980 Total Revenue
9,400	1980 Total Employees
$ 57,800	1980 Revenue per Employee

300	1983 New Employees attributable to project (excluding retail)
$ 57,800	1980 Revenue per Employee
$17,340,000	New Revenue, 1983, attributable to project.
.14	Return on Equity
$ 2,427,600	Net Income
.33	Tax Rate, 1980
$ 801,108	Corporate Tax Return, State and Federal

Source: Wang Laboratories, Inc.,: Annual Report, 1980.
Boston Redevelopment Authority

1(g) Does Not Apply

1(h) According to estimates from the BRA Development Department, the annual negotiated tax agreement under Chapter 121A will be set within the range of $150,000 to $250,000. See 1(a) through (d) on property taxes and 3 on tax agreements.

1(i) Increase in Taxes

$ 81,000	Sales Tax
797,453	Income Taxes
801,108	Corporate Taxes
$ 1,679,561	Tax Return Other than Property Tax
- 122,000	Less Present Propety Tax
150,000/250,000	Plus Payment in-lieu-of Taxes
$ 1,971,344	Total Net Tax Return at
or	$150,000 Tax Agreement
$ 2,071,344	Total Net Tax Return at
	$250,000 Tax Agreement

Source: See Notes for 1(e), (f), (g), and (h).

1(j) CEDC will provide reloation services to the several businesses which presently occupy space in the Boylston Building. Thus there should be no net losses in Boston collections of sales, income, and corporate taxes.

1(k) Sames as line 1(i)

1(l) Line 1(k) divided by UDAG request of $2,040,000.

2(a)

$150,000 to $250,000	Tax Agreement, line h
$122,000	Less Current Property Taxes
$ 28,000 to $128,000	Property Tax Related Return
$ 8,910	11% Return on State Sales Tax
$ 36,910 to $136,910	Total Net Return to Local Government

Source: See lines 1(a), (e), and (h).

2(b) No Local Government Investment Expected

2(c) Not applicable.

3. Source: Boston Redevelopment Authority

4. Not Applicable

Construction Taxes	Methodology
$ 6,750,000	Development Cost
1,500,000	Less Acquisition Cost
750,000	Less Equipment and Furnishings
$ 4,500,000	Construction Cost
.45	Percent Labor
$ 2,025,000	Payroll
90	Employees
$ 22,000	Salary, Annual
$ 2,979	Annual Federal Income Tax per employee @ $22,000 Salary with 3 deductions
$ 268,110	Federal Income Tax Return

$ 2,025,000	Annual Payroll
268,110	Less Federal Tax
180,000	Less $2,000/Employee Exemption
$ 1,576,890	Net Taxable Income, State
.05375	State Income Tax Rate
$ 84,000	State Income Tax Return

$ 352,868	Total Construction Income Return

$ 4,500,000	Construction Cost
.55	Percent Materials
$ 2,475,000	Construction Materials
750,000	Plus Equipment and Furnishings
$ 3,225,000	Total Materials and Equipment
.50	Percent Massachusetts Purchases
$ 1,612,500	Massachusetts Construction Sales
.05	Massachusetts Sales Tax Rate
$ 80,625	Massachusetts Sales Tax Return, Materials

90	Employees
196	Work Days
17,640	Employee Work Days
$ 3	Daily Purchases/Work Days
$ 52,920	Construction Employee Sales
.50	Less % Meals and Clothing
$ 26,460	Taxable Sales
.05	Massachusetts Sales Tax Rate
$ 1,323	Massachusetts Sales Tax Return, Purchases

$ 81,948	Total Construction Sales Tax

Source: UDAG Application for Costs and Boston Redevelopment Authority for calculation of return.

SECTION D

Impact on Minorities and Low Income Persons

D. IMPACT ON THE SPECIAL PROBLEMS OF LOW- AND MODERATE-INCOME PERSONS AND MINORITIES

1. Demographic Data*

As with many other older northeastern cities, Boston has experienced significant population losses. Between 1950 and 1970, the city lost 29% of its white population while the non-white population increased by only 13%. The most recent population survey conducted in 1976 shows that of Boston's 638,735 residents, 73% are white while the remaining 27% are non-white.

Boston's housing stock has also undergone some major changes. Since 1970, 18,885 units have been built or completely rehabilitated, 3,000 of these specifically for elderly housing. The 1970 Census indicates that Boston's housing stock is dominated by older, two and three unit structures. Approximately 77% of these units were more than thirty years old in 1970 with a good portion of them being built before the turn of the century. However, a 1973 survey shows that 70% of Boston's housing stock is in good condition.

In post World War II, due to the relocation of manufacturing firms to lower cost sites in the suburbs and the southern states, the City of Boston lost half of its industrial base. A total of 53,000 manufacturing jobs left the city. The city has been working to stabilize and reverse this trend and between 1976 and 1977 a gain of 4,200 manufacturing jobs were finally recorded.

The service sector has accounted for 90% of the jobs created in Boston since 1960. This trend is similar to that in most older cities, where there has been a significant shift from manufacturing to office uses as the most important elements of their economy. In 1977, the service sector accounted for 64% of Boston's jobs, an increase of 5% from 1970.

The New England region has experienced some of the highest unemployment rates in the nation, at times 15-20% above the national average. Boston, with its higher concentration of economically disadvantaged residents, has had an unemployment rate twice the national average. Although the city-wide unemployment picture of Boston residents has recently improved with unemployment dropping from a high of 12.7% to 7.2% (annual 1978 average), chronic, high unemployment remains in those neighborhoods with a large percentage of Boston's minority population.

The socio-economic characteristics of the Boylston Building progam area are best portrayed by demographic data applicable to the Chinatown and South End communities.

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* The following information is derived from Chinatown and the South End, District Profiles prepared by the BRA, 1979.

Property
BOSTON REDEVELOPMENT AUTHORITY
Library

Chinatown

The Boylston Building Project at the corner of Boylston and Washington Streets is adjacent to Chinatown/South Cove. Chinatown is a small neighborhood of approximately 5,000 people. The neighborhood is a fairly homogeneous neighborhood of low- to middle-income Chinese with a large percentage of elderly. According to the 1977 City Survey, by Hart Associates, Inc., 27% of Chinese households had one or more residents over 60. This is in sharp contrast to the city-wide average of 6%.

The median income of $5,100 is considerably lower than the city-wide median. There is a very high percentage of underemployment, with 77.3% of the working male population employed in very low paying restaurant activities, and 72.9% of employed females as low wage stitchers in the garment industry. Unemployment is nearly 13%. Institutional expansion is a serious threat to job loss in the garment industry which will exacerbate unemployment within the Chinese community.

Chinatown-South Cove is unique in that it is a cohesive, predominantly Chinese residential neighborhood within a light industrial district. The area is characterized by small brick buildings, four- to seven-story warehouses and older medium-rise office buildings. Previously, housing was concentrated in three-story brick rowhouses. However, with urban renewal, many of these buildings were demolished and replaced by two Department of Housing and Urban Development (HUD) assisted developments containing a total of 414 units. Presently, the housing stock in Chinatown is estimated at 996 units, 50% of which are Chinese-owned. The two HUD-assisted developments, Mass Pike Towers and Tai Tung Village, are occupied primarily by Chinese-American families. A third, Massachusetts Housing Finance Agency (MHFA) and HUD-assisted developement is the Quincy Tower complex with 161 units of housing for the elderly located adjacent to the Quincy Community School.

There is an increasing demand for housing within the Chinese community but because of its location, the community has been forced to expand outside Chinatown. A sizeable Chinese population is located in the South End, particularly in the Castle Square Development, and the City and the Chinese Economic Development Council are looking at sites within the adjacent Leather District for expansion opportunities.

South End

The South End neighborhood, adjacent to Chinatown, is an intricate mix of old and new. New settlers are mixed with long-time residents; renovated and unrenovated rowhouses are mixed with newly-constructed housing developments. A new middle-class population of singles and young families has been attracted to the many sections of the district by the prospect of urban reinvestment, the convenience of an in-town location, and the existence of a large, relatively inexpensive stock of Victorian rowhouses.

The South End's 1970 population of 22,775 shows a dramatic change from the 1950 high of 57,218. The 1970 population drop reflects the early demolition phase of urban renewal, and the conversion of high density lodging houses to lower density apartments and single family homes. The population drop of this area can also be accounted for by the abandonment and fire damage of severely deteriorated buildings which was prevalent in this time period.

The 1978 survey by Consensus, Inc., estimates a gain of almost 2,500 people over 1970. This reflects newly constructed units comprised of housing for senior citizens and several moderate to large subsidized developments such as IBA, Concord Housing, Tenant Development Corp., Scattered Site Rehab Program and private renovation of boarded and fire damaged shells. This rise in the South End's population indicates the ever increasing popularity of residing in the area with its amenities and proximity to the downtown.

The South End as a whole, comprises the most racially and ethnically mixed neighborhood in the city. Blacks and whites together total approximately two-thirds to three-fourths of the racial stock; the balance is comprised of Hispanic and Oriental residents. The 1978 Consensus Survey suggests a steady growth in the Hispanic population, an increase in the white population and a corresponding decrease in black and Oriental residents. These statistics are projections only, subject to normal statistical variation and the ever-present possibility of sampling bias. Nevertheless, they do suggest some interesting trends.

From 1960 to 1970, the total population of the South End decreased by more than 12,000 residents. The percentage of blacks remained stable while the percentage of whites decreased by 17% or nearly one-fifth of the entire white population. Private sector conversions of rooming houses to one, two and three family dwellings were concentrated in sections of the South End which were predominantly white, thus accounting for the sharp drop in the percentage of white residents.

During the 1970's, this same process of conversion/rehabilitation has reached much more deeply into sections inhabited predominantly by black residents and possibly accounts for the recent drop in the black population.

The non-white residents of the South End are predominantly of low and moderate income. The median family income in White households in the South End is $12,600 per year, as compared with $7,900 in Black households and $5,600 in Hispanic households in this neighborhood.

Unemployment is a serious problem in the South End which has one of the highest rates of unemployment of the City's neighborhoods. The overall unemployment rate is 18.6%. If the South End's "discouraged" workers (those persons, mainly minorities, who have given up attempting to find jobs) were taken into account, it is projected that the minority unemployment rate would be substantially higher, e.g., in the range of 40% for Hispanics.

2. Participation of Minorities

The Chinese Economic Development Council has agreed to a First Source Agreement with the City which provides among other things, that all contracts funded in whole or in part by UDAG, will meet the Mayor's Executive Orders on Resident Hiring and Minority Business Enterprise Utilization. (See Exhibit IIID-1)

The CEDC, established in 1974, is a non-profit Community Development Corporation, whose purpose is to improve the socio-economic conditions of Boston's Chinese-American community as well as to preserve and enhance its cultural heritage. The composition of CEDC's government board reflects this purpose and concern. CEDC is the owner and developer of the Boylston

Building project and will be the management entity of the retail arcade. Minority business opportunities in the arcade will be encouraged and made possible through a special below-market rent structure which this UDAG will make possible.

The Mayor's Executive Order on Resident Hiring provides for 50% Boston resident hiring, 25% minorities and 10% women in all construction contracts funded in whole or in part by City or Federal funds. (See Exhibit IIID-2).

The Mayor's Executive Order on Minority Business Enterprise Utilization provides for 30% of all City and Federally-funded construction work in areas of minority concentration to be performed by Minority Business Enterprises. (See Exhibit IIID-3).

These provisions will be incorporated into the contract terms of all UDAG-funded contracts and will be monitored by the Office of Contract Compliance and the Office of Minority Business Utilization.

There will also be permanent hiring opportunities for minorities provided through CEDC's agreement to a goal of 50% Boston Resident Hiring in all new permanent jobs created. In addition at least 15% of the jobs in occupational categories for which the City can provide CETA referrals will be reserved for economically disadvantaged Boston Residents.

On the basis of Wang Laboratories' existing employee profile (as principal tenant of CEDC), the following goal is projected: of the 272-300 new permanent jobs to be created by the UDAG-assisted expansion, 80% will be filled by minorities and 80% by Boston resident minorities. It is also projected that most of the new jobs will go to the most economically disadvantaged CETA-eligible persons, many of whom will be Boston minorities.

Maximum linkage will be made between Wang, CEDC, and the City's CETA agency (EEPA) in order to maximize the new employment opportunities for Boston's minorities and economically disadvantaged residents.

3. Residential Neighborhood Impact Statement

One of the primary benefits of the project is the increase of employment opportunities for Boston residents, women, and minorities. The project will provide approximately 90 construction jobs and 330 new permanent jobs. The creation of such a large number of jobs will provide employment opportunities for many area residents. Many of these jobs will be targeted to minorities and women who currently reside in Chinatown, the South Cove and the South End.

As described above, The Chinese Economic Development Council has signed a First Source Agreement which provides for a goal of employing Boston residents in 50% of all newly-created permanent jobs and employing economically disadvantaged Boston residents in at least 15% of the jobs in occupational categories for which the City can provide CETA referrals. The Mayor's Executive Orders on Resident Hiring and Minority Business Enterprise Utilization will also be in effect. These provisions will result in many job opportunities for area residents and also result in the development and expansion of area businesses.

Exhibit IIID-1

FIRST SOURCE AGREEMENT

In an effort to maximize the employment opportunities for Boston residents, especially the economically disadvantaged, the City of Boston and the Chinese Economic Development Council agree to the following. The goal of this agreement is to employ Boston residents in 50% of the newly created jobs at the Boylston Building.

1. Employment on all construction funded wholly or in part by the Urban Development Action Grant secured by the City for this project will meet the Mayor's Executive Order on construction employment.

2. Construction funded wholly or in part by an Urban Development Action Grant secured by the City for this project will meet the Mayor's Executive Order for Minority Business Utilization, effection July 1, 1978.

3. A minimum of 15% of the jobs created by the project in occupational categories for which EEPA has the capacity to provide referrals will be reserved for economically disadvantaged Boston residents.

4. CEDC will provide the City of Boston ten working days to refer Boston residents to jobs in all mutually agreed upon occupational categories, before using other employment sources, during the length of the UDAG loan payback period.

5. CEDC will provide the City a quarterly report on the number of Boston residents employed in the newly created jobs through June, 1986, and annually thereafter. These reports will include the names and addresses of those individuals referred by EEPA.

Exhibit IIID-2

CITY OF BOSTON
OFFICE OF THE MAYOR
CITY HALL, BOSTON

KEVIN H. WHITE
MAYOR

EXECUTIVE ORDER

WHEREAS there is a very high rate of unemployment in the City of Boston, particularly among the youth of the City, both white and minority;

WHEREAS the effect of this high level of unemployment has a serious, substantial and deleterious effect for all the neighborhoods of the City of Boston, resulting in the physical deterioration of the neighborhoods, vandalism, and crime;

WHEREAS there is a particularly high rate of unemployment and underemployment for Boston residents who have worked or seek work in the construction industry;

WHEREAS the City of Boston expends substantial sums of money derived from federal, state and city taxes paid by Boston residents upon public works projects in the in the City, hence City residents are entitled to receive some direct benefit from such expenditures;

WHEREAS in addition to the foregoing, the City is intent on satisfying its statutory obligation to give preference to its residents in hiring for publically funded construction projects pursuant to G. L. c. 149, §26.

THEREFORE, I do hereby order that the following policy take effect as of October 15, 1979:

(1) On any construction project funded in whole or in part by City funds, or funds which, in accordance with a federal grant or otherwise, the City expends or administers, and to which the City is a signatory to the construction contract, the worker hours on a craft-by-craft basis shall be performed, in accordance with the contract documents established herewith, as follows:

a. at least 50% by bona fide Boston residents;

b. at least 25% by minorities;

c. at least 10% by women.

For purposes of this paragraph worker hours shall include work performed by persons filling apprenticeship and on-th-job training positions.

(2) Each department of the City of Boston contracting with any private corporation or person for such construction projects, shall include in all such contracts the provisions of the City of Boston Supplemental Minority Participation and Residents Preference Section to insure compliance with this Executive Order.

(3) The Equal Employment Opportunity Contract Compliance Office of the City of Boston through the Awarding Authority shall be responsible for monitoring and enforcing the provisions of this Executive Order and the contract provisions established in accordance therewith.

(4) I urge the Boston Redevelopment Authority and the Economic Development and Industrial Corporation to incorporate the provisions of this policy into all the contracts for construction projects to which they fund or administer, and to which, in their capacity as owners are signatories.

(5) I direct the Vice-Mayor, the Corporation Counsel, the Assessor, and request the BRA staff to research the legal feasibility of the incorporation of this policy into the General Laws Chapter 121A process and if found to be legally feasible, I will incorporate this policy into that process and any other tax related development incentive process.

(6) I am filing today with the City Council a proposed ordinance which will punish those people who would misrepresent facts about themselves in order to become beneficiaries of this program.

Kevin H. White

Kevin H.White
Mayor

September 11, 1979
Date:

Exhibit IIID-3

EXECUTIVE ORDER

ENCOURAGING MINORITY BUSINESS ENTERPRISE

The City of Boston for the past several years has continued to increase employment opportunities for minority residents within municipal government to help reduce the high rate of unemployment in minority and low income neighborhoods. It now proposes to expand its Affirmative Action Programs to include Economic Development Programs that will encourage the participation of Minority Business Enterprises in the City's contracting process.

Therefore, in order to assure the participation of Minority Business Enterprises in the City's contracting process as defined below, by the authority vested in me as Mayor of the City of Boston, it is hereby ORDERED:

ARTICLE I: DEFINITIONS

"BENEFICIAL OWNERSHIP AND CONTROL", ownership of at least 51 per cent of the voting stock or proprietary interest in any corporation, partnership or sole proprietorship. In the case of a joint venture, the Minority Business Enterprise must have a controlling interest in the joint venture in order to have such participation qualify toward meeting the requirements of ARTICLE II. The existence of any agreements, options, rights of conversion or other restraints which may be exercised within three years and which, if exercised, could reduce minority ownership or control to less than the requisite percentage, shall establish that the existing enterprise is not a Minority Business Enterprise.

"CITY", the City of Boston.

"CITY DEPARTMENTS", those Departments under the supervision of the Mayor or persons appointed by him.

"IMPACTED AREA", any area of the City with high concentration of minority residents so designated by the City of Boston; including but not limited to the following areas: Roxbury, North Dorchester, South End, Jamaica Plain and Mattapan.

"MINORITY PERSON", an individual who is Black, Hispanic, Oriental or American Indian.

"MINORITY BUSINESS ENTERPRISE", a business organization in which at least 51% of the beneficial ownership is held by

one or more minority persons.

"OFFICE OF MINORITY BUSINESS", the Office of Minority Business of the Human Rights Commission of the City of Boston which has primary responsibility for identifying and certifying minority businesses, monitoring the progress of all City Departments and providing technical assistance.

ARTICLE II: MINORITY TEN PERCENT REQUIREMENT

At least ten percent of the value of all construction, goods and services procured by the City during each fiscal year will be obtained from Minority Business Enterprises.

This policy specifically includes all monies expended through the Capital Budget, Operating Budget and all federally funded projects and programs. Where federal regulations require a percentage greater than ten percent, such higher percentages shall govern such programs.

All City Departments will be required to expend a minimum of ten percent of their total expenditures for the fiscal year for construction, goods professional services from Minority Business Enterprises either through contracts awarded by the line department or through Administrative Services acting on behalf of the Line Department.

Thirty percent of all construction work to be performed in Impacted Areas shall be awarded to Minority Business Enterprises.

ARTICLE III: MINORITY BUSINESS OFFICE

The Mayor's Minority Business Office will assist City Departments in locating minority business enterprises through their outreach program and through a listing of minority vendors which will be published on a regular basis.

The Minority Business Office will also provide technical assistance to both the City Departments and to the Minority Business Enterprises. The Minority Business Office will be responsible for monitoring the progress or lack of progress and making recommendations for correction action.

ARTICLE IV: POLICY IMPLEMENTATION

The Director of Minority Business Office in conjunction with the Law Department, will be responsible for developing contract documents for the implementation of this policy.

The Director of the Minority Business Office in conjunction with the Heads of the various city departments will develop systems and procedures to assure implementation and enforcement within all City Departments.

This Policy is effective July 1, 1978.

Kevin H. White
Mayor

June 28, 1978.
Date

4. Relocation Impacts

Seven businesses are being relocated from the Boylston Building, which are identified as follows:

- King of Pizza
- Fantasy Bookshop, Inc.
- Journal Books, Inc.
- Lotten Books, Inc.
- Liberty Books, Inc.
- Ramjack Limited, Inc.
- Silver Slipper Lounge

The developer is in the process of relocating the seven commercial tenants under a state approved Chapter 79A Relocation Plan, which complies fully with the Uniform Relocation Act. The estimated $100,000 cost of the relocation services and benefits is being handled with private funds through the Massachusetts Land Bank. All relocation is anticipated to be concluded before the receipt of UDAG funds. No UDAG funds are requested for relocation. (Exhibit IIID-4)

5. Housing Impacts

Not applicable.

UDAG FORM 7*

RELOCATION IMPACTS

Instructions: Complete the table below with the numbers of families, individuals, farms, and businesses which will be relocated as a result of the proposed project.

NOTE: The following definitions apply to this table:

(1) Low and Moderate Income:	Persons whose income is less than 80% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).
(2) Other Income Categories	Persons whose income is over 80% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).

If more appropriate, use the income limits for the HUD Section 8 housing program to define low- and moderate-income families. Where size of family is not known, use Section 8 limit for a family of four persons.

	Low and Moderate Income		Other Income Categories		Total	
	Minority	Non-Minority	Minority	Non-Minority	Minority	Non-Minority
1. Families Displaced						
2. Unrelated Individuals Displaced						
3. Farms Lost	▨	▨	▨	▨		
4. Businesses Displaced	▨	▨	▨	▨		7
5. Jobs Lost From Businesses in Line 4 Above						14 to be relocated

* This form constitutes the response to Part III.D.4.a.

UDAG FORM 8*

PROVISION OF HOUSING

Instructions: Complete the table below with the number of housing units to be provided by the project for occupants of various income levels. Answer the questions which follow the table.

Note: The following definitions apply to this table:

(1) Low and Moderate Income: Units to be available for occupants whose income is less than 80% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).

(2) Middle Income: Units to be available for occupants whose income is between 80% and 120% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).

(3) Upper Income: Units to be available for occupants whose income is 120% or more of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).

	Low and Moderate		Middle Income		Upper Income		TOTAL	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	No.	%
a. Number New Units to be Constructed								
b. Number Units to be Rehabilitated								
c. TOTAL Units (Sum of a and b above)								100

1. Indicate the basis for the above calculations. Indicate the annual rental prices and sales prices for units in each income category.

2. If units are to be rehabilitated, indicate the income category of residents prior to rehabilitation and the number of vacant or abandoned units. Indicate the expected income level of occupants of the rehabilitated units.

Exhibit IIID-4

EOCD
Commonwealth of Massachusetts
Executive Office of Communities and Development
Division of Community Services
100 Cambridge Street 9th Floor Boston, Massachusetts 02202 (617) 727-7001

Edward J. King, Governor
Byron J. Matthews, Secretary

March 18, 1981

Mr. William J. Leong
Executive Director
Chinese Economic Development Council, Inc.
20 Hudson Street
Boston, MA 02111

Dear Mr. Leong:

Thank you for the early submission of a plan for the relocation of Tenants of the Boylston Building in the city of Boston. I am cognizant of the Chinese Economic Development Council's intention of seeking Chapter 121A status for this project and I have taken note of your planned relocation program as well as your assurances of Chapter 79A relocation assistance.

Please be informed that the conduct of the relocation program as planned will be sufficient to satisfy Chapter 79A requirements in the event CEDC seeks approval under MGL ^{C}121A for the Boylston Building project.

Do not hesitate to contact me if you feel that I can assist your effort on behalf of the business relocatees.

Sincerely,

J Michael Cahill

J. Michael Cahill
Director, Bureau
of Relocation

JMC:hm

An Equal Opp e Action Employer

CONTRACT
BY AND BETWEEN
CHINESE ECONOMIC DEVELOPMENT COUNICL, INC.
AND
RELOCATION ASSOCIATES, INC.

This agreement entered into this 30th day of January 1981 by and between the Chinese Economic Development Council, Inc. and Relocation Associates, Inc. herein after referred to as the "Business Relocation Consultant".

Whithnesseth That:

Whereas, the Chinese Economic Development Council, Inc. desires to obtain a Consultant to provide services for the relocation of those businesses which are located within the Boylston Building located at Boylston and Washington Streets, Boston, MA.

Whereas, the Business Relocation Consultant represents that he is qualified to provide such services and that these services will be performed in accordance with rules and regulations as defined by chapter 79A of the Massachusetts General Laws.

Now therefore, the Chinese Economic Development Council, Inc. and Consultant, for considerations and conditions hereinafter set forth do agree as follows:

1. SCOPE OF SERVICES

A - The consultant shall conduct discussions with the Bureau of Relocation, Comm. of Mass. and interviews with the businesses involved and to prepare a relocation plan to be submitted to and approved by the Bureau of Relocation.

B - The consultant shall conduct further discussions and inspections of those businesses to be relocated and assist and advise each regarding the proper procedures for establishing and filing a relocation claim. He shall prepare all necessary documentation, submitted by the claiments, in the preparation of the relocation claims for approval and payments by the Chinese Economic Development Council Inc. He shall assist each business in finding a new location and shall confer with the Chinese Economic Development Council, Inc. on matters relating to the claimant's rights and responsibilities as tenants of the Chinese Economic Development Council, Inc.

2. TIME OF PERFORMANCE

A - The relocation plan shall be submitted to the Bureau of Relocation no later than Tuesday February 10, 1981.

B - It is mutually agreed by all parties that time is of the essence and all work to be done by either party will be done in an expeditious manner.

C - This contract will not exceed one year from the date of execution.

3. COMPENSATION

A - The Chinese Economic Development Council, Inc. will pay to the Consultant for his services hereunder the amount of fourty dollars per hour ($40.00).

B - In addition the Consultant shall be reimbursed for transportation expenses in connection with the performance of his duties under this contract. This is to include the actual cost of transportation by common carrier or the sum of 18.5¢ cents per mile if the travel is performed by a privately owned automobile.

C - The total payment for services and reimbursed expenses under this contract shall not exceed four thousand eight hundred dollars, ($4,800.00).

4. METHOD OF PAYMENT

Payment will be made to the Consultant for services rendered upon receipt by the Chinese Economic Development Council, Inc. of a monthly invoice, in detail.

5. TERMINATION OF CONTRACT

Either the Chinese Economic Development Council, Inc. or the Consultant may terminate this contract by giving a written notice of termination to the other party, said notice to be given at least thirty (30) days prior to the date of termination. If such notice is given consultant as specified above by the Chinese Economic Development Council, Inc. then contractor will perform no further work and send an up to date invoice to the Chinese Economic Development Council, Inc. to be paid immediately, thereby completing this contract in full.

In witness whereof, the Chinese Economic Development Council, Inc. and the consultant have executed this contract as of the date first written above.

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC.

BY

Ex. Dir.

ATTEST:

John E Langley
CONTRACTOR

NOTE:

It should be understood, although not included in this contract, that it will be necessary for the consultant during the relocation process to appoint experienced and qualified appraisers and moving consultants to evaluate the reasonableness of cost concerning relocation bids and personal property loss claims. The costs of these services are to be billed directly to the Chinese Economic Development Council, Inc. after being verified by the consultant. Approval of the hiring and payment for services will be approved by the CEDC prior to any subcontractor or contractor beginning work. It is agreed by consultant and the Chinese Economic Development Council, Inc. that consultant will use whenever possible appraisers and moving consultants provided by the Chinese Economic Development Council, Inc.

0273B

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC.

RELOCATION PLAN

RE: BOYLSTON BUILDING
WASHINGTON AND BOYLSTON STREETS
BOSTON, MASSACHUSETTS

1. This project is the undertaking of a nonprofit community development organization which contemplates applying to the City of Boston, Commonwealth of Massachusetts for 121A status. The structure has been recommended for landmark status to the Boston Landmarks Commission and will be rehabilitated to accomodate light assembly on the upper floors with retail space on the street level. The approximate tenant displacement period is estimated to be February 1981 - June 1981 - 120 days with assistance.

2. Relocation assistance and payments will be carried out in compliance with Chapter 79A of the Massachusetts General Laws and Rules and Regulations of the Bureau of Relocation. These services will be performed by Relocation Associates, Inc. a Massachusetts corporation fully experienced in the rules and regulations of both the U.S. Department of Housing and Urban Development and Chapter 79A of the Massachusetts General Laws.

3. Names and addresses of business site occupants (no residential occupants - that will be displaced).

Business	Address	Type of Business	# of Emp.	Sq./Ft.	Rent monthly	Special Requirement
Pizzatown Corp.	2 Boyl St.	Fast Food	7	2,300	$3,400	Heavy foot traffic Retail Area
Liberty Book	4 Boyl St.	Book Store	6	2,000	$4,000	Heavy foot traffic Retail Area
Lotten Book	6 Boyl St.	Book Store	6	1,900	$2,500	Heavy foot traffic Retail Area
Fantasy Book	10 Boyl St.	Book Store	5	1,200	$3,000	Heavy foot traffic Retail Area
Journal Book	14 Boyl St.	Book Store	6	900	$1,500	Heavy foot traffic Retail Area
Liberty Tree LTD	13 Boyl St.	Smoke Shop	2	600	$ 400	Heavy foot traffic Retail Area
Silver Slipper	22 Boyl St.	Cocktail Lounge	8	3,000	$80/day	Liquor License Transfer

4. Relocation Alternatives

Address	Square Footage	Use	Availability
180 Tremont Street	2800 sq/ft	Retail Commercial	January 1981
181 Tremont Street	900 sq/ft	Retail Commercial	January 1981
11 Essex Street	7184 sq/ft	Retail Commercial	January 1981
15-17 Essex Street	5984 sq/ft	Retail Commercial	January 1981
19-31 Essex Street	6000 sq/ft	Retail Commercial	January 1981
628-636 Wash. Street	8635 sq/ft	Retail Commercial	January 1981
638-698 Wash. St		Retail Commercial	January 1981
14 LaGrange St.	28773		
19 LaGrange St.	2700 sq/ft		
20A LaGrange St.	5000 sq/ft	Land	January 1981

There are other available facilities in the Downtown area which can accommodate the businesses to be displaced, however, it will be necessary for the various licensing agencies to approve both the liquor and entertainment license for any new location of the Silver Slipper.

No temporary relocations are anticipated, however, if a temporary move becomes necessary it will be conducted in accordance with Chapter 79A of the Massachusetts General Laws.

Attached to this relocation plan is a Business Relocation Guide which will be distributed to all project occupants.

This relocation plan has been compiled to conform with the Bureau of Relocation planning requirements and we hope that it meets with Bureau of Relocation approval.

SECTION E

Employment Plan

III.E. EMPLOYMENT PLAN

1. Anticipated Employment Impacts

a. Permanent Jobs: The renovation of the Boylston Building is expected to create 343 new permanent jobs. Almost 300 of these workers will be employed by Wang, Inc., at an electronic component assembly plant in this building. The vast majority of these workers will be electronic assemblers. The remaining 50 workers will be employed in the various small retail shops located in the building's street floor. Table I below summarizes the occupational distribution of these positions.

TABLE I

OCCUPATIONAL DISTRIBUTION OF NEW JOBS AT THE BOYLSTON BUILDING

	Wang	Retail	Total
Managers & Officials	25	8	33
Sales	-	20	20
Clerical	10	15	25
Operators	250	-	250
Service	8	7	15
Total	293	50	343

b. Temporary Jobs: There will be approximately 90 full-time person-years involved in the renovation of the Boylston Building. There is no occupational breakdown currently available for these jobs.

2. Local Employment and Training Programs

The employment and training system within Boston is coordinated by the Employment and Economic Policy Administration (EEPA), the City's CETA prime sponsor. Under contracts with a wide range of communtiy based organizations, and through programs that it operates, EEPA provides a variety of employment and training programs, and related services.

The need to utilize EEPA's training programs will be limited, however, because of Wang's plans to provide their own training. Wang expects to hire unskilled workers for their assembler positions and then train these workers at the site over the first several months. Wang intends to underwriter the entire cost of this training.

3. Extent of Linkage

The effort to place economically disadvantaged individuals in the new jobs at the Boylston Building is part of a comprehensive employment policy that is being developed for Boston. In addition to the Employment Initiative Program to place the economically disadvantaged in jobs through funds provided under Federal programs such as the Urban Development Action Grant program, the City has instituted the following policies:

- o A recent Executive Order from Mayor Kevin H. White specifies a hiring policy for construction jobs on commercial and industrial projects that are publicly assisted. Fifty percent (50%) of the person-hours on such projects are to be performed by Boston residents, twenty-five percent (25%) by minorities, and ten percent (10%) by women. (See Exhibit IIID-2).

- o The City has extended the resident hiring requirements to cover permanent jobs created by City-supported projects. Now as a requirement for receipt of financial assistance the company or developer undertaking a project must agree to an employment plan targeting a certain percentage of all new permanent jobs to residents, minorities, and women. This requirement also applies to future positions at the site which result from regular attrition or further growth.

The remainder of this section describes the specific goals that will be set in applying the employment policies to the Boylston Building. Placement of CETA participants and the long-term unemployed in the jobs at this facility is presented within the context of these overall goals.

Permanent Jobs: As the primary tenant of the Boylston Building, Wang has made a commitment to hire and train locally recruited unskilled laborers. They therefore expect to encounter no difficulties in achieving a permanent workforce of at least fifty percent (50%) Boston residents. Wang expects the demographic composition of this workforce to be over eighty percent (80%) minority and about fifty percent (50%) female.

As the developer of the building, the Chinese Economic Development Council (CEDC) agrees to inform the retail tenants of the fifty percent (50%) resident hiring goal, and the City's desire to ensure significant percentages of minorities and women are also hired. However, because each retail tenant is likely to employ only a small number of workers, specific hiring goals are not required.

As a result of Wang's commitment to hire and train unskilled workers more than twenty-five percent (25%) of the new workers at the Boylston Building will be from the economically disadvantaged and/or the long-term unemployed. These workers will be referred to Wang by CEDC.

Temporary Jobs: There will be a projected 90 construction jobs associated with the renovation of the Boylston Building. As the developer of the building, CEDC will work toward the following goals: 45 of the construction jobs held by Boston residents, 23 by minorities, and 9 by women.

4. Linkage Programs

Permanent Jobs: CEDC will coordinate the referral of Boston residents to Wang and the other building tenants. CEDC will work with Wang to develop a well defined set of requirements for their assembler training positions, so that those who are referred for employment meet Wang's basic vocational and educational prerequisites. Wang, in turn, will provide CEDC the opportunity to refer qualified residents to these training slots before using other employment sources.

Once Wang's needs and hiring standards have been established, CEDC will begin referring individuals to Wang. CEDC will refer graduates of its English as a Second Language Program, recruit residents of the surrounding Chinese community and from the City at large. To facilitate this City-wide requirement, CEDC will rely on EEPA, the City's employment and training agency. EEPA will utilize its network of neighborhood intake and assessment centers, as well as graduates from its pre-vocational education programs, to refer CETA-eligible clients to the jobs at Wang through CEDC.

EEPA's skill training programs such as the clerical and food services program, and their youth programs will also be available to place qualified workers in the other positions in the Boylston Building.

Temporary Jobs: The Executive Order on Construction Hiring specifies the process by which construction hiring goals can be met, and establishes a Liaison Committee to oversee and monitor this process. The Liaison Committee, comprised of City agencies, community organizations, major unions, and contractors' organizations will review and approve plans made by CEDC and the contractor to target construction jobs to Boston residents, minorities, and women.

Contractors will first use traditional hiring sources to meet the hiring goals. When they cannot meet the goals through these methods they will utilize EEPA's construction job referral system. Under this system, contractors submit jobs orders to EEPA's Employment and Training Referral Division. EEPA then recruits Boston residents and refers them to union hiring halls and job sites. Applicants may be referred from the four EEPA funded assessment centers and from community-based agencies designated by EEPA. Graduates of EEPA skills training programs may also be referred to journeymen and apprentice programs. EEPA will work with communty-based organizations to provide pre-apprenticeship training to CETA-eligible clients, similar to that now provided by the Third World Jobs Clearinghouse and Women in Construction, to ensure that the economically disadvantaged have adequate preparation for these positions.

As specified in the Mayor's Executive Order on Construction Hiring, the Equal Employment Opportunity/Contract Compliance Office, under the direction of the Liaison Committee, will monitor and enforce compliance with the employment goals.

5. Resources

CEDC will use their own resources, as well as funding from Wang, to develop and implement the referral mechanism. Furthermore, Wang will completely fund the in-house assembler training program. EEPA will use its current CETA resources, as well as future funding it may procure to implement the construction referral system and its portion of the permanent job referral system.

6. Concurrence of Training Provider and Private Employer

CEDC has agreed to the principles and goals set forth in the Employment Plan, the Executive Order on Construction Hiring (Exhibit IIID-2), and the Executive Order on Minority Business Utilization (Exhibit IIID-3). Furthermore, CEDC has agreed to work with Wang, the principal tenant and the major employer, toward the goals regarding permanent jobs for residents, minorities, women, and the economically disadvantaged. CEDC has agreed to cooperate with EEPA and other City agencies to attain these employment goals.

7. Timetable for Implementation

The linkage program planning will be finalized within the next several months and will be implemented during the construction period in order that Boston's economically disadvantaged may benefit as the new job opportunities are realized.

SECTION F

Record of Applicant

F. RECORD OF APPLICANT

Reference Source: Community Development Block Grant Grantee Performance Report (March 26, 1979)*

Refer to: Form HUD-4070 Progress On Planned Activities

NO.	DESCRIPTION	PAGE
4	Clearance of abandoned, unsafe, and dangerous buildings	3
16-18	Acquisition of Real Property	9
25	Parks	13
26	Lights - Residential	13
28	Tree Planting	15
29	Street Reconstruction	16
30	Sidewalks	17
119	Clearance of unsafe, abaondoned buildings	37
124	Business District Site Improvements	47
133	Lighting	52
134	Tree Planting	53
136	Sidewalk/Highway Reconstruction	55
137	Street Resurfacing	56
137	Parks and Playgrounds	56
201	Clearance of unsafe, abandoned buildings	71
206	Business District Amenities, Site Improvements	78
209	Lighting	80
210	Sidewalk Reconstruction	81
211	Street Reconstruction	81
212	Tree Planting	82
216	Parks and Playgrounds	83
240	Demolition/Boarding	100

Also see Quarterly Reports field for the quarter ending April 10, 1981 for the following Action Grant Projects:

B-78-AA-25-0006	Charlestown Navy Yard
B-78-AA-25-0005	Lafayette Place
B-78-AA-25-0004	Blue Hill Avenue
B-80-AA-25-0027	Crosstown Industrial Park
B-80-AA-25-0036	O'Connell Sea Food
B-80-AA-25-0041	Teradyne
B-81-AA-25-0037	Westland Avenue
B-81-AA-25-0046	North End Nursing Home
B-81-AA-25-0047	Copley Place

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* The 1980 Grantee Performance Report is expected to be submitted shortly.

SECTION A

Technical Requirements

IV. PROJECT APPROVAL INFORMATION

A. Technical Requirements

Item 1

Does this assistance request require state, local, regional or other priority rating?

No

Item 2

Does this assistance request require federal, state, or local advisory, historic preservation, educational or health clearance?

Yes; historic preservation reviews. Documentation attached as Exhibits IIB6-1, 2, 3, 4.

Item 3

Does this assistance request require clearinghouse review in accordance with OMB Circular A-95?

Yes, Metropolitan Area Planning Council, Massachusetts Department of Communities & Development.

Item 4

Does this assistance request require state, local, regional or other planning approval?

No

Item 5a

Is the proposed project covered by an approved comprehensive plan?

Yes, Boston's Comprehensive Economic Development Strategy (CEDS).

Item 5b

Does the applicant have a locally approved Community Development (CD) plan and Housing Assistance Plan (HAP)?

Yes, approval date: September, 1980.

Item 6

Will the assistance requested serve a federal installation?

No

Item 7

Will the assistance requested result in improvements on federal land or to a federal installation?

No

Item 8a

Will the application require an Environmental Impact Statement (EIS)?

No.

Item 8b

On what date was the level of clearance finding made?

April 23, 1981.

Item 9

Will the assistance requested cause the displacement of individuals, families, businesses, or farms?

No. See III.D.4., Relocation Impact

Item 10

Has other related governmental assistance on this project been approved or applied for? Will any other be applied for?

Yes, application for IRB approved by Massachusetts Industrial Finance Authority. A Community Services Administration grant and a Massachusetts State Land Bank loan have been approved conditional upon the receipt of the Action Grant.

Item 11

Is the project in a designated flood hazard area?

No

Item 12

Will the proposed project result in the relocation of industrial or commercial facilities from one metropolitan or non-metropolitan area to another?

No

Item 13

Does the proposed project involve the jurisdiction of more than one municipality?

No

SECTION B

Citizen Participation, Civil Rights, Equal Employment and Housing Opportunity

IV.B. Citizen Participation, Civil Rights, Equal Employment and Housing Opportunity

Item 1a

Is there a written Citizen Participation Plan describing the process for citizens to take part in the development of the application as required in 42 CFR Part 570.456 (c)(i)(A) of the Regulations?

Yes.

Item 1b

Did actual citizen participation in the development of the application equal or exced that expected in the Citizen Participation Plan or the requirements as stated in the Regulations?

Yes. According to the City's UDAG Citizen Participation Plan, established by the Office of Public Service, two public hearings were held during April. The first occurred April 13, 1981, at the Board Room of the Boston Redevelopment Authority. Written invitations were sent to community groups, local agencies and elected officials. Notification was published in neighborhood and city-wide newspapers. Presentations on the project were made and printed information was distributed. The second public hearing at the City Council Subcommittee was held on April 28, 1981. Similar notification procedures were followed. The project was approved by the City Council on April 29, 1981.

Item 2

If the project is residential or "neighborhood" in nature, are neighborhood groups or community organizations involved in developing the application or in carrying out a component of the project?

This is a neighborhood industrial project being developed by the neighborhood based Chinese Economic Development Council (CEDC).

Item 3

Does the applicant have any unresolved issues arising from civil rights compliance reviews, citizen participation allegations, lawsuits or other allegations against the proposed or any other Federally-assisted project (or funding) administred by the applicant?

Yes. The City of Boston does have two issues in this area currently. The Community Development Block Grant contract for Year IV does contain contract conditions in the equal opportunity area. The City has provided monthly reports to the HUD Area Office on its progress under the conditions. The City is also aware of the HUD Regional Office review under Section 109, Title I, Housing and Community Development Act of 1974 and Title VI, Civil Rights Act of 1964.

A challenge has been filed in court as to the lawfulness of the Mayor's Executive Orders on Resident Hiring and Minority Business Enterprise.

The City of Boston and the Boston Redevelopment Authority are co-defendants with HUD in a case entitled Munoz-Mendoza, et al v. Pierce, et al. This case is brought by several named plaintiffs who seek to enjoin payments under the Copley Place UDAG until such time as HUD has completed an extensive study of the impact of the project on minority and low income residents of the area. HUD and the City expect to prevail in this suit on the grounds that the required UDAG procedures and studies were completed; that the project will benefit the City of Boston and its residents; and that the plaintiffs have failed to state a cause of action against the City or HUD. Although the City is not a named part to the suit, there is similar litigation in a case entitled N.A.A.C.P. v. Landrieu. Plaintiffs in this suit have challenged the funding of various UDAG and CDBG projects. To date, Judge Skinner of the Federal District Court has refused to enjoin funding of the disputed projects and programs.

In addition, the City of Boston is a defendant in the case of Fantasy Book Shop, Inc., et al v. City of Boston, et al, U.S. District Court (Massachusetts), No. 80-2585-MC, a case in which certain tenants of the Boylston Building (three pornographic book stores) are challenging their proposed displacement from the building. The plaintiffs' motions for temporary and preliminary injunctions have been denied and are on appeal. This lawsuit has not presently affected the timetable or the financing for the project.

Item 4

Is the applicant under investigation by any Federal office enforcing equal opportunity laws and regulations?

No. The City of Boston is unaware of any investigations by Federal envorcing equal opportunity laws and regulations, unless those investigations are of the activities mentioned in Section B, Item 3.

Item 5

Has the applicant submitted Form EEO-4 or comparable data to the HUD Area Office as of the preceding July 31st as a certification of continuing eligibility?

The City of Boston, as part of its compliance with the conditions of the Community Development Block Grant conditions for the Year V, has supplied the HUD Area Office with comparable data on a monthly basis.

PART V

Assurances

V. ASSURANCES

The applicant hereby assures and certifies that:

1. It possesses legal authority to apply for the grant, and to execute the proposed program.

2. Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

3. It has complied with all the requirements of OMB Circular No. A-95 as modified by 24 CFR Part 570.310 and that either

   a. any comments and recommendations made by or through clearinghouses are attached and have been considered prior to submission of the application; or

   b. the required procedures have been followed and no comments or recommendations have been received.

4. Prior to submission of its application, the applicant has:

   a. Prepared a written citizen participation plan, which:

      (1) Provides an opportunity for citizens to participate in the development of the application, encourages the submission of views and proposals, particularly by residents of blighted neighborhoods and citizens of low- and moderate-income, provides for timely responses to the proposals submitted, and schedules hearings at times and locations which permit broad participation;

      (2) Provides citizens with adequate information concerning the amount of funds available for proposed community development and housing activities, the range of activities that may be undertaken, and other improtant program requirements;

      (3) Provides for public hearings to obtain the views of citizens on community development and housing needs; and

      (4) Provides citizens with an opportunity to submit comments concerning the community development performance of the applicant.

   b. Followed this plan in a manner to achieve full participation of citizens in development of the application. The applicant shall also follow this plan to achieve full citizen participation in all other stages of the program.

5. Its chief executive officer or other officer of applicant approved by HUD:

    a. Consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 insofar as the provisions of such Act apply to the applicant's proposed program pursuant to 24 CFR 570;

    b. Is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

6. The Community Development Program has been developed so as to give maximum feasible priority to activities which will benefit low-and moderate-income families or aid in the prevention or elimination of slums or blight.

7. It will comply with the regulations, policies, guidelines, and requirements of OMB Circular No. A-102, Revised, and Federal Management Circular 74-4 as they relate to the application, acceptance, and use of Federal funds under 24 CFR 570.

8. It will administer and enforce the labor standards requirements set forth in 24 CFR 570.605 and HUD regulations issued to implement such requirements.

9. It will comply with all requirements imposed by HUD concerning special requirements of law, program requirements, and other administrative requirements, approved in accordance with OMB Circular No. A-102, Revised.

10. It will comply with the provisions of Executive Order 11296, relating to evaluation of flood hazards and Executive Order 11288 relating to the prevention, control, and abatement of water pollution.

11. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under 24 CFR 570 to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1971, subject to the exceptions contained in 41 CFR 101-19.604. The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.

12. It will comply with:

    a. Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the regulations issued pursuant thereto (24 CFR Part I), which provides that no persons in the United States shall on the grounds of religion, race, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal

financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

b. Title VIII of the Civil Rights Action of 1968 (P.L. 90-284) as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and provision of brokerage services.

c. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR 570.601), which provides that no person in the United States shall, on the grounds of religion, race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under 24 CFR 570.

d. Executive Order 11063 on equal opportunity in housing and non-discrimination in the sale or rental of housing built with Federal assistance.

e. Executive Order 11246, and all regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60), and Section 4(b) of the Grant Agreement, which provides that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of Federal or Federally-assisted contracts. Contractors and subcontractors on Federal or federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demolition, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.

13. It will comply with Secton 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given lower-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project.

14. It will:

a. To the greatest extent practicable under State law, comply with Section 301 and Section 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and will comply with Sections 303 and 304 of Title III, and HUD implementing instructions at 24 CFR Part 42; and;

b. Inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations at 24 CFR Part 42 and Part 570.602(b).

15. It will:

    a. Comply with Title II (Uniform Relocation Assistance) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD implementing regulations at 24 CFR Part 42 and Part 570.602(a);

    b. Provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition or real property for an activity assisted under the Community Development Block Grant Program. Such payments and assistance shall be provided in a fair and consistent and equitable manner that insures that the relocation process does not result in different or separate treatment of such persons on account of race, color, religion, national origin, sex, or source of income;

    c. Assure that, within a reasonable period of time prior to displacement, comparable decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, or source of income; and

    d. Inform affected persons of the relocation assistance, policies, and procedures set forth in the regulations at 24 CFR Part 42 and 24 CFR Part 570.602(a).

16. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

17. It will comply with the provisions of the Hatch Act which limits the political activity of employees.

18. It will give HUD and the Comptroller General through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.

19. It will insure that the facilities under its ownership, lease, or supervision which shall be utilized in the accomplishment of the project are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify HUD of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be utilized in the project is under consideration for listing by the EPA.

20. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public

Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 103(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.

21. It will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470), Executive Order 11593, and the Preservation of Archaeological and Historical Data Act of 1966 (16 (U.S.C. 469a-1, et. seq.) by:

    a. consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800.8) by the proposed activity; and

    b. complying with all requirements established by HUD to avoid or mitigate adverse effects upon such properties.

22. It certifies that is has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry. 18 U.S.C. 1001 provides that whoever does so within the jurisdiction of any department or agency of the United States shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

Signature

April 30, 1981
Date

Mayor
Title

7142 014

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